



# **NALEDI LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

# Annual Financial Statements

for

## ***Naledi Local Municipality***

***for the year ended 30 June 2012***

Province:

North West

| <b>Contact Information:</b>   |  |
|---|--|
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| <b>Name of Acting Chief Financial Officer:</b>                      |  |
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**Naledi Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**General information**

**Members of the Council**

*S T MODISE*

*N G MATHIBA*

*C J GROEP*

*E K MOROKA*

*H L PRETORIUS*

*J A ADONIS*

*O K BAREKI*

*A N BARENG*

*G A COETZEE*

*B M KEGAKILWE*

*S B KGODUMO*

*K K KGAJANE*

*A LEKGETHO*

*D P MATOBO*

*M J NCHOCHOBA*

*E G RAMOROGADI*

*E P RENOSTER*

*N R THEKISHO*

**Mayor**

**Speaker**

Member of the Executive Committee

Member of the Executive Committee

Member of the Executive Committee

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

**Municipal Manager**

Mr. M.T Segapo

**Chief Financial Officer**

Mr. D.M Thornhill (Acting)

**Grading of Local Authority**

Grade 3 (NW 392)

**General information (continued)**

**Auditors**

The Auditor General of South Africa

**Bankers**

ABSA Bank Vryburg Branch

**Registered Office:**

Municipal Offices

**Naledi Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

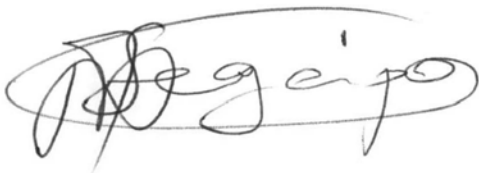
|                          |  |
|--------------------------|--|
| <b>Physical address:</b> | 19A Civic Center<br>Market Street<br>Vryburg 8600  |
| <b>Postal address:</b>   | PO Box 35<br>Vryburg 8600  |
| <b>Telephone number:</b> | 053 928 2199   |
| <b>Fax number:</b>       | 053 927 3482   |
| <b>E-mail address:</b>   | <a href="mailto:municipalmanager@naledi.local.gov.za">municipalmanager@naledi.local.gov.za</a> |

**Naledi Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 74, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 22 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

A handwritten signature in black ink, appearing to read 'M.T. Segapo', enclosed within a large, loopy oval stroke.

M.T. Segapo  
Accounting Officer

31 August 2012

**Naledi Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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**Naledi Local Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2012

**1. INTRODUCTION**

These management financial statements are prepared in terms of the Section 122 of the MFMA and presents a report on the status of this municipality's performance against its budget, the management of its revenue, expenditure, assets and liabilities, its operational activities, financial results and the municipal financial position as at 30 June 2012

**2. BASIS OF ACCOUNTING**

These Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance as detailed in the Significant Accounting Policies section.

**3. REVIEW OF OPERATING RESULTS**

**3.1 General**

Details of the operating results per vote and classification of revenue and expenditure are included in Appendices D and E. The overall operating results for the period ended 30 June 2012 are as follows:

|                                  | <b>Actual<br/>2012<br/>R</b> | <b>Actual<br/>2011<br/>R</b> | <b>Variance<br/>2011/2012<br/>%</b> | <b>Budget<br/>2012<br/>R</b> | <b>Variance<br/>Actual/Budget<br/>%</b> |
|----------------------------------|------------------------------|------------------------------|-------------------------------------|------------------------------|---|
| Revenue                          | 208 993 880                  | 182 780 546                  | -12.5%                              | 216 859 000                  | -15.7%                                  |
| Expenditure                      | 243 816 183                  | 193 927 179                  | -20.5%                              | 207 710 000                  | -6.6%                                   |
| <b>Nett surplus for the year</b> | <b>-34 822 302</b>           | <b>-11 146 633</b>           | <b>-68.0%</b>                       | <b>9 149 000</b>             | <b>-221.8%</b>                          |

For explanations of significant variances refer **Appendix E**.

**3.2 Revenue**

The detail breakdown of operating revenue is as follows for the period ended 30 June 2012:

|  | <b>Actual<br/>2011<br/>R</b> | <b>Actual<br/>2012<br/>R</b> | <b>Variance<br/>2011/2012<br/>%</b> | <b>Budget<br/>2012<br/>R</b> | <b>Balance<br/>outstanding<br/>%</b> |
|--|------------------------------|------------------------------|-------------------------------------|------------------------------|--------------------------------------|
| Property Rates                                 | 20 963 025                   | 23 972 037                   | 14.4%                               | 25 486 520                   | -6%                                  |
| Property rates - penalties imposable           | -                            | 1 604 743                    | 0                                   |                              | 0%                                   |
| Service Charges                                | 107 411 285                  | 123 276 668                  | 14.8%                               | 126 214 246                  | -2%                                  |
| Rental of facilities and equipment             | 780 097                      | 898 256                      | 15.1%                               | 513                          | 75%                                  |
| Interest earned - External Investments         | 274 767                      | 277 571                      | 1.0%                                |                              | 0%                                   |
| Interest earned - Outstanding financial assets | 7 421 099                    | 9 063 589                    | 22.1%                               | 7 110                        | 27%                                  |
| Fines  | 315 897                      | 296 799                      | -6.0%                               | 167                          | 77%                                  |
| Licences and Permits                           | 1 437 593                    | 1 304 524                    | -9.3%                               | 1 073                        | 22%                                  |
| Government grants and subsidies                | 41 697 978                   | 46 046 914                   | 10.4%                               | 48 555                       | -5%                                  |
| Other income                                   | 2 478 805                    | 2 252 779                    | -9.1%                               | 24 426 604                   | -91%                                 |
| <b>Total revenue</b>                           | <b>180 301 741</b>           | <b>206 741 102</b>           | <b>14.7%</b>                        | <b>233 545 239</b>           | <b>-11%</b>                          |

**Naledi Local Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2012

For explanations of significant variances refer **Appendix E**.

**3.3 Expenditure**

|                               | <b>Actual<br/>2011<br/>R</b> | <b>Actual<br/>2012<br/>R</b> | <b>Variance<br/>2011/2012<br/>%</b> | <b>Budget<br/>2012<br/>R</b> | <b>Balance<br/>remaining on<br/>%</b> |
|-------------------------------|------------------------------|------------------------------|-------------------------------------|------------------------------|---------------------------------------|
| Employee related cost         | 68 700 257                   | 73 632 048                   | 7.2%                                | 87 585 201                   | 15.9%                                 |
| Remuneration of councillors   | 4 384 399                    | 4 327 562                    | -1.3%                               | 4 517 548                    | 4.2%                                  |
| Bad debts                     | 26 812 530                   | 40 452 279                   | 50.9%                               | 10 000 000                   | -304.5%                               |
| Collection Cost               | -                            | -                            | 0.0%                                |                              | 0                                     |
| Depreciation and amortisation | 8 462 733                    | 45 101 312                   | 0.0%                                | 9 799 651                    | -360.2%                               |
| Grants and subsidies paid     | -                            | 388 902                      | #DIV/0!                             |                              | 0                                     |
| Finance Costs                 | 10 435 449                   | 51 465                       | 100.0%                              | 5 898 007                    | 0.0%                                  |
| Bulk Purchases                | 45 785 826                   | 43 148 976                   | -5.8%                               | 41 300 000                   | -4.5%                                 |
| Repairs and maintenance       | 4 110 139                    | 5 734 491                    | 39.5%                               |                              | 0.0%                                  |
| Contracted services           | 9 488 484                    | 5 213 273                    | -45.1%                              |                              | 0                                     |
| General Expenses              | 15 747 362                   | 25 765 874                   | 63.6%                               | 48 608 915                   | 47.0%                                 |
| <b>Total expenditure</b>      | <b>193 927 179</b>           | <b>243 816 183</b>           | <b>25.7%</b>                        | <b>207 709 322</b>           | <b>-17.4%</b>                         |

For explanations of significant variances refer **Appendix E**.

**3.4 Budget**

**3.4 Total budget performance**

The total operating budget performance is summarized as follows:

|                                      | <b>Actual<br/>2012<br/>R</b> | <b>Budget<br/>2012<br/>R</b> | <b>Balance remaining on budget<br/>R</b> | <b>%</b> |
|--------------------------------------|------------------------------|------------------------------|--|----------|
| Actual operating expenditure to date | 243 816 183                  | 207 710 000                  | -36 106 183                              | -17%     |



**Naledi Local Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2012

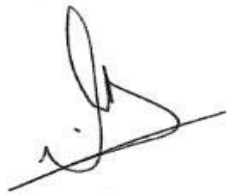
**4. CONDITIONAL GRANTS**

General expenditure to date compares as follows with the budget:

|               | Unspent Grant<br>Opening Balance | Current year<br>receipts<br>R | Conditions met<br>R | Unspent Grant<br>Closing Balance<br>R |
|---------------|----------------------------------|-------------------------------|---------------------|---------------------------------------|
| MSIG Grant    | 0                                | 790 000                       | -637850             | 152 150                               |
| MIG           | 6 067 111                        | 12 009 000                    | (18 076 111)        | -                                     |
| INEP          | 3 557 777                        | -                             | (3 241 585)         | 316 192                               |
| FMG           | 658 265                          | 1 500 000                     | (500 368)           | 1 657 897                             |
| Balance (c/f) | <b>10 283 153</b>                | <b>14 299 000</b>             | <b>-22 455 914</b>  | <b>2 126 239</b>                      |

**5. CONCLUSION**

I would like to extend my appreciation to the Mayor, Councillors, Acting Municipal Manager, management, all staff members and all other role players for their support, assistance and participation in getting the job done in the 2007/08 financial year to date.



**DM THORNHILL (Acting)**  
**CHIEF FINANCIAL OFFICER**  
31 August 2012

**Naledi Local Municipality**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2012

|  | Note | 2012<br>R            | 2011<br>R            |
|--|------|----------------------|----------------------|
| <b>ASSETS</b>  |      |                      |                      |
| <b>Current assets</b>                                      |      |                      |                      |
| Cash and cash equivalents                                  | 1    | 9 153 332            | 3 298 807            |
| Trade and other receivables from exchange transactions     | 2    | 62 319 524           | 50 522 949           |
| Other receivables from non-exchange transactions           | 3    | 5 673 424            | 3 973 256            |
| Inventories  | 4    | 273 195              | 86 691               |
| VAT receivable   | 5    | 9 579 746            | 7 150 762            |
| <b>Non-current assets</b>                                  |      |                      |                      |
| Property, plant and equipment                              | 6    | 948 697 316          | 972 046 215          |
| Biological Assets  | 7    | 3 841 700            | 4 838 341            |
| <b>Total assets</b>  |      | <b>1 039 538 239</b> | <b>1 041 917 021</b> |
| <b>LIABILITIES</b>   |      |                      |                      |
| <b>Current liabilities</b>                                 |      |                      |                      |
| Trade and other payables from exchange transactions        | 8    | 114 524 220          | 82 462 480           |
| Consumer Deposits  | 9    | 3 760 385            | 3 274 255            |
| Current provisions   | 10   | 290 372              | 267 225              |
| Current portion of unspent conditional grants and receipts | 11   | 2 126 239            | 10 283 153           |
| Current portion of borrowings                              | 12   | 56 487 242           | 45 853 438           |
| Current portion of finance lease liability                 | 13   | 4 299                | 516 521              |
| <b>Non-current liabilities</b>                             |      |                      |                      |
| Non-current provisions                                     | 14   | 16 912 596           | 15 993 235           |
| Non-current borrowings                                     | 12   | 13 128 543           | 15 899 146           |
| Non-current finance lease liability                        | 13   | -                    | -                    |
| <b>Total liabilities</b>                                   |      | <b>207 233 896</b>   | <b>174 549 453</b>   |
| <b>Net assets</b>  |      | <b>832 304 343</b>   | <b>867 367 568</b>   |
| <b>NET ASSETS</b>  |      |                      |                      |
| Accumulated surplus / (deficit)                            | 32   | 832 304 343          | 867 367 568          |
| Government Grant Reserve                                   |      | -                    | -                    |
| Donations and Public Contributions                         |      | -                    | -                    |
| <b>Total net assets</b>                                    |      | <b>832 304 343</b>   | <b>867 367 568</b>   |

**Naledi Local Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2012

|  | Note | 2012<br>R           | 2011<br>R           |
|--|------|---------------------|---------------------|
| <b>Revenue</b>   |      |                     |                     |
| Property Rates   | 15   | 23 972 037          | 20 963 025          |
| Property rates - penalties imposed and collection charges  | 15   | 1 604 743           | -                   |
| Service Charges  | 16   | 123 276 668         | 107 411 285         |
| Rental of facilities and equipment                         | 17   | 898 256             | 780 097             |
| Interest earned - External Investments                     | 18   | 171 007             | 274 767             |
| Interest earned - Outstanding Receivables                  | 18   | 9 063 589           | 7 421 099           |
| Fines  |      | 296 799             | 315 897             |
| Licences and Permits                                       |      | 1 304 524           | 1 437 593           |
| Government grants and subsidies                            | 19   | 46 046 914          | 41 697 978          |
| Other income   | 16   | 3 116 979           | 2 478 805           |
| <b>Total revenue</b>                                       |      | <b>209 751 516</b>  | <b>182 780 546</b>  |
| <b>Expenses</b>  |      |                     |                     |
| Employee related cost                                      | 21   | 73 632 048          | 68 700 257          |
| Remuneration of councillors                                | 22   | 4 327 562           | 4 384 399           |
| Bad debts  |      | 40 452 279          | 26 812 530          |
| Depreciation and amortisation                              | 24   | 45 101 312          | 8 462 733           |
| Grants and subsidies paid                                  | 23   | 388 902             | -                   |
| Finance Costs  | 25   | 8 042 106           | 10 435 449          |
| Bulk Purchases   | 26   | 43 148 976          | 45 785 826          |
| Repairs and maintenance                                    |      | 5 825 814           | 4 110 139           |
| Contracted services  | 27   | 5 203 203           | 9 488 484           |
| General Expenses   | 28   | 17 777 855          | 15 747 362          |
| <b>Total expenses</b>                                      |      | <b>243 900 058</b>  | <b>193 927 179</b>  |
| Gain / (loss) on sale of assets                            | 29   | (5 791)             | -                   |
| Gain/ (loss) on biological assets                          |      | (2 006 556)         |                     |
| Gain / (loss) on fair value adjustment - Biological Assets |      | 1 097 665           | 551 865             |
| <b>Surplus / (deficit) for the period</b>                  |      | <b>(35 063 224)</b> | <b>(10 594 768)</b> |

**Naledi Local Municipality**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2012

|                                       | Note      | Housing<br>Development<br>Fund | Government<br>Grant Reserve | Donations and<br>Public<br>Contributions | Total:<br>Reserves  | Accumulated<br>Surplus/(Deficit)<br>R | Total: Net<br>Assets<br>R |
|---------------------------------------|-----------|--------------------------------|-----------------------------|--|---------------------|---------------------------------------|---------------------------|
| <b>Balance at 30 June 2010</b>        |           | 1 720 256                      | 93 075 918                  | 225 720                                  | <b>95 021 894</b>   | (34 920 856)                          | <b>60 101 038</b>         |
| Correction of Prior Year Error        | <b>33</b> |                                | (92 154 045)                | (4 979 840)                              | <b>(97 133 885)</b> | 115 853 817                           | 18 719 932                |
| Change in Accounting Policy           | <b>32</b> |                                |                             |  | -                   | 789 332 374                           | 789 332 374               |
| <b>Restated Balance</b>               |           | <b>1 720 256</b>               | <b>921 873</b>              | <b>(4 754 120)</b>                       | <b>(2 111 991)</b>  | <b>870 265 335</b>                    | <b>868 153 344</b>        |
| Surplus / (deficit) for the period    |           |                                |                             |  | -                   | (10 594 768)                          | (10 594 768)              |
| Offsetting of depreciation            |           |                                | (8 415 213)                 | (47 520)                                 | <b>(8 462 733)</b>  | 8 462 733                             | -                         |
| Payments                              |           |                                |                             |  | -                   |                                       | -                         |
| Transfers to/from Accumulated Surplus |           | (1 720 256)                    | 7 493 340                   | 4 801 640                                | <b>10 574 724</b>   | (765 733)                             | 9 808 991                 |
| <b>Balance at 30 June 2011</b>        |           | <b>-</b>                       | <b>-</b>                    | <b>-</b>                                 | <b>-</b>            | <b>867 367 567</b>                    | <b>867 367 567</b>        |
| Surplus / (deficit) for the period    |           | -                              | -                           | -  | -                   | (35 063 224)                          | (35 063 224)              |
| <b>Balance at 30 June 2012</b>        | <b>33</b> | <b>-</b>                       | <b>-</b>                    | <b>-</b>                                 | <b>-</b>            | <b>832 304 343</b>                    | <b>832 304 343</b>        |

**Naledi Local Municipality**  
**CASH FLOW STATEMENT**  
as at 30 June 2012

|   | Note      | 2012<br>R           | 2011<br>R        |
|---|-----------|---------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |           |                     |                  |
| Receipts  |           | 155 227 411         | 142 201 159      |
| Sales of goods and services                                       |           | 151 056 228         | 130 907 897      |
| Grants  |           | 46 046 914          | 41 697 978       |
| Working Capital Movements   |           | (54 524 105)        | (40 579 387)     |
| Interest received   |           | 9 234 596           | 7 695 866        |
| Other receipts  |           | 3 413 778           | 2 478 805        |
| Payments  |           | 131 308 659         | 140 605 020      |
| Employee costs  |           | 77 959 609          | 73 084 656       |
| Working Capital Movements   |           | (29 581 905)        | 13 937 252       |
| Suppliers   |           | 71 955 849          | 75 131 811       |
| Prior year retained earnings adjustment                           |           | 2 544 098           | (31 984 148)     |
| Interest paid   |           | 8 042 106           | 10 435 449       |
| Other payments  |           | 388 902             | -                |
| <b>Net cash flows from operating activities</b>                   | <b>30</b> | <b>23 918 752</b>   | <b>1 596 139</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |           |                     |                  |
| Purchase of fixed assets  |           | (21 754 190)        | -                |
| Proceeds from sale of fixed assets                                |           | -                   | -                |
| Proceeds from sale of investments                                 |           | -                   | -                |
| <b>Net cash flows from investing activities</b>                   |           | <b>(21 754 190)</b> | <b>-</b>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |           |                     |                  |
| Proceeds from borrowings  |           | -                   | (640 322)        |
| Repayment of borrowings   |           | 2 770 603           | -                |
| Proceeds from provisions  |           | 919 360             | -                |
| Proceeds from finance lease liability                             |           | -                   | -                |
| Repayment of finance lease liability                              |           | -                   | 367 478          |
| <b>Net cash flows from financing activities</b>                   |           | <b>3 689 963</b>    | <b>(272 844)</b> |
| <b>Net increase / (decrease) in net cash and cash equivalents</b> |           | <b>5 854 525</b>    | <b>1 323 295</b> |
| <b>Net cash and cash equivalents at beginning of period</b>       |           | <b>3 298 807</b>    | <b>1 975 512</b> |
| <b>Net cash and cash equivalents at end of period</b>             | <b>31</b> | <b>9 153 332</b>    | <b>3 298 807</b> |

**Naledi Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2012

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) including any exemptions and directives issued by the accounting standards board (ASB).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET

### 1.5 EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

| <u>GRAP Standard</u>   | <u>Effective date as determined by Minister of Finance</u> | <u>Possible Impact on the financial statements on initial application</u>   |
|--|--|---|
| GRAP 18 - Segment Reporting  | Unknown  | Disclosure and presentation of specific and detailed information about the major activities (service and geographical) undertaken by the municipality, along with the resources allocated to these activities |
| GRAP 20 - Related Party Disclosures  | Unknown  | Full disclosure of nature and effect all related party transactions of management, their close members of family,   |
| GRAP 25 - Employee Benefits  | Unknown  | Full disclosure on employee short term benefits (undiscounted), post retirement benefits (discounted) including actuarial assumptions   |
| GRAP 105 - Transfer of functions between entities under common control     | Unknown  | Disclosure and presentation of each transaction that relates to a transfer of functions between two entities within the same sphere of government.  |
| GRAP 106 - Transfer of functions between entities not under common control | Unknown  | Disclosure and presentation of each transaction that relates to a transfer of functions between two entities not within the same sphere of government.  |
| GRAP 107 - Mergers   | Unknown  | Full disclosure of the nature and effect of the two entities that are now combined through a merger.  |

## 2 PROPERTY, PLANT AND EQUIPMENT

### 2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

## 2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

## 2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

### Infrastructure

|   |       |
|---|-------|
| Roads and Lights                                  | 10-40 |
| Water Pipelines                                   | 25-50 |
| Water Pumps, Purification and Reservoirs          | 30-55 |
| Sewerage  | 25-30 |
| Landfill Site Perimeter Protection and structures | 10-55 |

### Community

|                         |       |
|-------------------------|-------|
| Buildings               | 30    |
| Recreational Facilities | 30    |
| Cemeteries              | 30    |
| Halls                   | 30    |
| Libraries               | 30    |
| Civic Buildings         | 30    |
| Other assets            | 15-30 |

### Other

|           |    |
|-----------|----|
| Buildings | 30 |
|-----------|----|



|                         |      |
|-------------------------|------|
| Office equipment        | 7    |
| Furniture and fittings  | 7    |
| Emergency equipment     | 5    |
| Computer equipment      | 5    |
| Machinery and Equipment |      |
| Official Vehicles       | 5-10 |
| Other assets            | 4-10 |

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimate in the Standard of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance

## **2.4 DERECOGNITION**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **2.5 TRANSITIONAL PROVISIONS - DIRECTIVE 4 (GRAP 17)**

The municipality took advantage of the three-year transitional period as prescribed in Directive 4 issued by the Accounting Standards Board (ASB). The implication of this provision was that the municipality recognised and measured their assets as indicated in this accounting policy apart from infrastructure and community assets. This category of assets were only identified and included at provisional amounts in previous years. These provisions expired at 30 June 2011. All infrastructure and community assets were valued and are now included at correct values and are furthermore backlog depreciation is now also recognised.

# **3 INTANGIBLE ASSETS**

## **3.1 INITIAL RECOGNITION**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

> Intangible assets are initially recognised at cost.

> Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

> Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

### **3.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### **3.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

|                   |   |
|-------------------|---|
| Computer software | 5 |
|-------------------|---|

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### **3.4 DERECOGNITION**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **4 INVESTMENT PROPERTY**

### **4.1 INITIAL RECOGNITION**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

#### **4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL**

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

### **5 NON-CURRENT ASSETS HELD FOR SALE**

#### **5.1 INITIAL RECOGNITION**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

#### **5.2 SUBSEQUENT MEASUREMENT**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

### **6 INVENTORIES**

#### **6.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

## **6.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

## **7 FINANCIAL INSTRUMENTS**

### **7.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

### **7.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

#### **7.2.1 INVESTMENTS**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

### **7.2.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

### **7.2.3 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

### **7.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

## **8 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **9 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **10 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **11 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## **12 LEASES**

### **12.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

### **12.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## **13 REVENUE**

### **13.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

### **13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### **13.3 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## **14 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

## **15 RETIREMENT BENEFITS**

### **Defined Contribution Plan**

The municipality provides retirement benefits for its employees and councillors. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entailing them to the contributions.



## **16 IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## **17 HERITAGE ASSETS**

### **17.1 INITIAL RECOGNITION**

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset recognised is initially measured at its cost. The cost of a purchased heritage asset comprises of its purchase price, including any costs directly attributable to bringing the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where a heritage asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date

## **17.2 SUBSEQUENT MEASUREMENT - COST MODEL**

After recognition as an asset, a class of heritage assets shall be carried at its cost less any accumulated impairment losses

## **17.3 DEPRECIATION AND IMPAIRMENT**

Heritage assets are not depreciated.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of the heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance

## **17.4 DERECOGNITION**

Heritage assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of the heritage asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

|   | Note | 2012<br>R        | 2011<br>R        |
|---|------|------------------|------------------|
| <b>1 CASH AND CASH EQUIVALENTS</b>                                      |      |                  |                  |
| <u>Cash and cash equivalents consist of the following:</u>              |      |                  |                  |
| Cash on hand  |      | 413              | 413              |
| Cash at bank  |      | 5 974 224        | (164 220)        |
| Short-term Investments  |      | 3 178 695        | 3 462 614        |
|   |      | <u>9 153 332</u> | <u>3 298 807</u> |
| <b><u>Cash at bank</u></b>  |      |                  |                  |
| The Municipality has the following bank accounts: -                     |      |                  |                  |
| <b>Current Account (Primary Bank Account) - ABSA Acc nr: 4070282707</b> |      |                  |                  |
| Cash book balance at beginning of year                                  |      | 9 370 560        | (3 334 741)      |
| Cash book balance at end of year  |      | <u>5 974 224</u> | <u>9 370 560</u> |
| Bank statement balance at beginning of year                             |      | 1 423 051        | 3 086 486        |
| Bank statement balance at end of year                                   |      | <u>1 188 017</u> | <u>1 423 051</u> |
| <b>Current Account (Other Account): FNB - Acc nr: 54160030382</b>       |      |                  |                  |
| Cash book balance at beginning of year                                  |      | 800 651          | -                |
| Cash book balance at end of year  |      | <u>3 554 325</u> | <u>800 651</u>   |
| Bank statement balance at beginning of year                             |      | 800 651          | 4 196 139        |
| Bank statement balance at end of year                                   |      | <u>3 554 325</u> | <u>800 651</u>   |
| <b>Savings Account: ABSA Bank - Acc nr: 7014368714</b>                  |      |                  |                  |
| <i>Interest is earned at 5.02% per annum</i>                            |      |                  |                  |
| Cash book balance at beginning of year                                  |      | 35 206           | 35 206           |
| Cash book balance at end of year  |      | <u>35 277</u>    | <u>35 206</u>    |
| Bank statement balance at beginning of year                             |      | 35 206           | 35 206           |
| Bank statement balance at end of year                                   |      | <u>35 277</u>    | <u>35 206</u>    |
| <b>Savings Account: ABSA Bank - Acc nr: 9105545491</b>                  |      |                  |                  |
| <i>Interest is earned at 5.02% per annum</i>                            |      |                  |                  |
| Cash book balance at beginning of year                                  |      | 185 092          | 185 092          |
| Cash book balance at end of year  |      | <u>183 952</u>   | <u>185 092</u>   |
| Bank statement balance at beginning of year                             |      | 185 092          | 185 092          |
| Bank statement balance at end of year                                   |      | <u>183 952</u>   | <u>185 092</u>   |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | Note | 2012<br>R | 2011<br>R |
|---|------|-----------|-----------|
| <b>Current Account: ABSA Bank - Acc nr: 1012110363</b>  |      |           |           |
| <i>Interest is earned at 5.02% per annum</i>            |      |           |           |
| Cash book balance at beginning of year                  |      | 693       | 693       |
| Cash book balance at end of year                        |      | -         | 693       |
| Bank statement balance at beginning of year             |      | 693       | 693       |
| Bank statement balance at end of year                   |      | -         | 693       |
| <b>32-day Notice Deposit: ABSA - Acc nr: 5600464746</b> |      |           |           |
| <i>Interest is earned at 5.02% per annum</i>            |      |           |           |
| Cash book balance at beginning of year                  |      | 30 240    | 30 240    |
| Cash book balance at end of year                        |      | 30 240    | 30 240    |
| Bank statement balance at beginning of year             |      | 30 240    | 30 240    |
| Bank statement balance at end of year                   |      | 30 240    | 30 240    |
| <b>32-day Notice Deposit: ABSA - Acc nr: 3064344470</b> |      |           |           |
| <i>Interest is earned at 5.02% per annum</i>            |      |           |           |
| Cash book balance at beginning of year                  |      | 143 968   | 144 347   |
| Cash book balance at end of year                        |      | 148 656   | 143 968   |
| Bank statement balance at beginning of year             |      | 143 968   | 144 347   |
| Bank statement balance at end of year                   |      | 148 656   | 143 968   |
| <b>32-day Notice Deposit: ABSA - Acc nr: 9054322851</b> |      |           |           |
| <i>Interest is earned at 5.02% per annum</i>            |      |           |           |
| Cash book balance at beginning of year                  |      | 42 566    | 42 566    |
| Cash book balance at end of year                        |      | 43 733    | 42 566    |
| Bank statement balance at beginning of year             |      | 42 566    | 42 566    |
| Bank statement balance at end of year                   |      | 43 733    | 42 566    |
| <b>Call Account: FNB - Acc nr: 62046282505</b>          |      |           |           |
| <i>Interest is earned at 5.02% per annum</i>            |      |           |           |
| Cash book balance at beginning of year                  |      | 72 257    | 72 292    |
| Cash book balance at end of year                        |      | 73 130    | 72 257    |
| Bank statement balance at beginning of year             |      | 72 220    | 72 292    |
| Bank statement balance at end of year                   |      | 73 130    | 72 220    |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
| <b>Call Account: FNB - Acc nr: 62028853887</b>       |      |           |           |
| <i>Interest is earned at 5.02% per annum</i>         |      |           |           |
| Cash book balance at beginning of year               |      | 116 979   | 116 979   |
| Cash book balance at end of year                     |      | -         | 116 979   |
| Bank statement balance at beginning of year          |      | 116 115   | 116 979   |
| Bank statement balance at end of year                |      | 119 683   | 116 115   |
| <b>Call Account: FNB - Acc nr: 62012765858</b>       |      |           |           |
| <i>Interest is earned at 5.02% per annum</i>         |      |           |           |
| Cash book balance at beginning of year               |      | 35 917    | 35 917    |
| Cash book balance at end of year                     |      | -         | 35 917    |
| Bank statement balance at beginning of year          |      | 35 917    | 35 917    |
| Bank statement balance at end of year                |      | -         | 35 917    |
| <b>Call Account: Nedbank - Acc nr: 29690071-9996</b> |      |           |           |
| <i>Interest is earned at 5.02% per annum</i>         |      |           |           |
| Cash book balance at beginning of year               |      | 32 414    | 32 414    |
| Cash book balance at end of year                     |      | -         | 32 414    |
| Bank statement balance at beginning of year          |      | 32 414    | 32 414    |
| Bank statement balance at end of year                |      | -         | 32 414    |
| <b>Call Account: Nedbank - Acc nr: 29690071-9997</b> |      |           |           |
| <i>Interest is earned at 5.02% per annum</i>         |      |           |           |
| Cash book balance at beginning of year               |      | 2 695 508 | 2 695 508 |
| Cash book balance at end of year                     |      | -         | 2 695 508 |
| Bank statement balance at beginning of year          |      | 2 695 508 | 2 695 508 |
| Bank statement balance at end of year                |      | -         | 2 695 508 |
| <b>Call Account: Nedbank - Acc nr: 29690071-9998</b> |      |           |           |
| <i>Interest is earned at 5.02% per annum</i>         |      |           |           |
| Cash book balance at beginning of year               |      | 16 270    | -         |
| Cash book balance at end of year                     |      | -         | 16 270    |
| Bank statement balance at beginning of year          |      | 16 270    | -         |
| Bank statement balance at end of year                |      | -         | 16 270    |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R        | 2011<br>R        |
|--|------|------------------|------------------|
| <b>Nedbank- 1147037442</b>                   |      |                  |                  |
| <i>Interest is earned at 5.02% per annum</i> |      |                  |                  |
| Cash book balance at beginning of year       |      | -                | -                |
| Cash book balance at end of year             |      | 15 343           | -                |
| Bank statement balance at beginning of year  |      | -                | -                |
| Bank statement balance at end of year        |      | -                | -                |
| <b>Nedbank- 29690071-9995</b>                |      |                  |                  |
| <i>Interest is earned at 5.02% per annum</i> |      |                  |                  |
| Cash book balance at beginning of year       |      | -                | -                |
| Cash book balance at end of year             |      | 49 452           | -                |
| Bank statement balance at beginning of year  |      | -                | -                |
| Bank statement balance at end of year        |      | -                | -                |
| <b>Cash on hand</b>                          |      | 413              | 413              |
| <b>Total cash and cash equivalents</b>       |      | <b>9 153 332</b> | <b>3 298 807</b> |

**TRADE AND OTHER RECEIVABLES FROM EXCHANGE**  
**2 TRANSACTIONS**

**Service receivables**

**as at 30 June 2012**

|                         | Gross<br>Balances  | Provision for<br>Doubtful Debts | Net Balance       |
|-------------------------|--------------------|---------------------------------|-------------------|
| Rates and Taxes         | 32 134 709         | (26 419 135)                    | 5 715 574         |
| Electricity             | 43 439 496         | (25 771 344)                    | 17 668 152        |
| Water                   | 50 147 059         | (21 096 994)                    | 29 050 065        |
| Sewerage and Sanitation | 28 675 751         | (24 062 492)                    | 4 613 259         |
| Refuse                  | 29 363 583         | (24 831 172)                    | 4 532 411         |
| Other Charges           | 10 010 786         | (9 270 722)                     | 740 064           |
| <b>Total</b>            | <b>193 771 384</b> | <b>(131 451 860)</b>            | <b>62 319 524</b> |

**as at 30 June 2011**

|                         |                    |                     |                   |
|-------------------------|--------------------|---------------------|-------------------|
| Rates and Taxes         | 23 195 862         | (15 323 148)        | 7 872 714         |
| Electricity             | 33 488 714         | (15 363 181)        | 18 125 533        |
| Water                   | 30 048 019         | (18 759 448)        | 11 288 571        |
| Sewerage and Sanitation | 20 831 906         | (14 066 967)        | 6 764 939         |
| Refuse                  | 20 299 294         | (14 402 189)        | 5 897 105         |
| Other Charges           | 15 699 141         | (15 125 054)        | 574 087           |
| <b>Total</b>            | <b>143 562 936</b> | <b>(93 039 987)</b> | <b>50 522 949</b> |

**as at 30 June 2012**

**Rates and Taxes**

|                       |                   |                     |                  |
|-----------------------|-------------------|---------------------|------------------|
| Current (0 – 30 days) | 3 608 112         | (2 146 280)         | 1 461 832        |
| 31 - 60 Days          | 1 290 626         | (930 544)           | 360 082          |
| 61 - 90 Days          | 1 212 506         | (931 582)           | 280 924          |
| + 91 Days             | 26 023 465        | (22 410 728)        | 3 612 736        |
| <b>Total</b>          | <b>32 134 709</b> | <b>(26 419 135)</b> | <b>5 715 574</b> |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | <b>Note</b>       | <b>2012<br/>R</b>   | <b>2011<br/>R</b>  |
|---|-------------------|---------------------|--------------------|
| <b>as at 30 June 2012</b>                                   |                   |                     |                    |
| <b><u>Electricity</u></b>                                   |                   |                     |                    |
| Current (0 – 30 days)                                       | 12 416 529        | (3 789 119)         | 8 627 410          |
| 31 - 60 Days  | 2 384 905         | (992 400)           | 1 392 505          |
| 61 - 90 Days  | 2 698 262         | (1 639 486)         | 1 058 777          |
| + 91 Days   | 25 939 799        | (19 350 339)        | 6 589 460          |
| <b>Total</b>  | <b>43 439 496</b> | <b>(25 771 344)</b> | <b>17 668 152</b>  |
| <b>as at 30 June 2012</b>                                   |                   |                     |                    |
| <b><u>Water</u></b>   |                   |                     |                    |
| Current (0 – 30 days)                                       | 6 190 995         | (1 706 245)         | 4 484 750          |
| 31 - 60 Days  | 1 856 305         | (359 533)           | 1 496 772          |
| 61 - 90 Days  | 1 568 010         | (250 508)           | 1 317 502          |
| + 91 Days   | 40 531 750        | (18 780 708)        | 21 751 042         |
| <b>Total</b>  | <b>50 147 059</b> | <b>(21 096 994)</b> | <b>29 050 065</b>  |
| <b>as at 30 June 2012</b>                                   |                   |                     |                    |
| <b><u>Sewerage and Sanitation</u></b>                       |                   |                     |                    |
| Current (0 – 30 days)                                       | 1 852 641         | (921 770)           | 930 872            |
| 31 - 60 Days  | 699 058           | (454 423)           | 244 635            |
| 61 - 90 Days  | 660 820           | (452 266)           | 208 554            |
| + 91 Days   | 25 463 230        | (22 234 033)        | 3 229 197          |
| <b>Total</b>  | <b>28 675 751</b> | <b>(24 062 492)</b> | <b>4 613 259</b>   |
| <b>as at 30 June 2012</b>                                   |                   |                     |                    |
| <b><u>Refuse</u></b>  |                   |                     |                    |
| Current (0 – 30 days)                                       | 1 807 342         | (909 860)           | 897 482            |
| 31 - 60 Days  | 679 420           | (451 821)           | 227 599            |
| 61 - 90 Days  | 648 023           | (450 133)           | 197 890            |
| + 91 Days   | 26 228 798        | (23 019 358)        | 3 209 440          |
| <b>Total</b>  | <b>29 363 583</b> | <b>(24 831 172)</b> | <b>4 532 411</b>   |
| <b><u>Summary of Debtors by Customer Classification</u></b> |                   |                     |                    |
| <b><u>Consumers</u></b>                                     |                   |                     |                    |
| Current (0 – 30 days)                                       |                   | 27 222 158          |                    |
| 31 - 60 Days  |                   | 6 984 397           | 143 562 936        |
| 61 - 90 Days  |                   | 6 853 644           |                    |
| + 91 Days   |                   | 152 711 184         |                    |
| Sub-total   |                   | <b>193 771 384</b>  | <b>143 562 936</b> |
| Less: Provision for doubtful debts                          |                   | (131 451 860)       | (93 039 987)       |
| <b>Total debtors by customer classification</b>             |                   | <b>62 319 524</b>   | <b>50 522 949</b>  |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R            | 2011<br>R           |
|--|------|----------------------|---------------------|
| <b><u>Reconciliation of the doubtful debt provision</u></b>  |      |                      |                     |
| Balance at beginning of the year   |      | (93 039 987)         | (66 227 457)        |
| Contributions to provision   |      | (38 411 873)         | (26 812 530)        |
| Doubtful debts written off against provision   |      | -                    | -                   |
| Reversal of provision  |      | -                    | -                   |
| <b>Balance at end of year</b>  |      | <b>(131 451 860)</b> | <b>(93 039 987)</b> |
| <b>3 OTHER RECEIVABLES FROM NON-EXCHANGE</b>   |      |                      |                     |
| Fruitless and wasteful expenditure   | 34.1 | -                    | -                   |
| Other debtors  |      | 5 672 531            | 3 973 256           |
| Deposits   |      | -                    | -                   |
| Prepayments  |      | 893                  | -                   |
| <b>Total Other Debtors</b>   |      | <b>5 673 424</b>     | <b>3 973 256</b>    |
| <b>4 INVENTORY</b>   |      |                      |                     |
| <b>Opening balance of inventories:</b>   |      | <b>86 691</b>        | <b>306 360</b>      |
| Consumable stores - at cost  |      | -                    | -                   |
| Maintenance materials - at cost  |      | -                    | -                   |
| Water  |      | 86 691               | 100 206             |
| Game Animals   |      | -                    | 206 154             |
| <b>Additions:</b>  |      | <b>4 679 061</b>     | <b>-</b>            |
| Consumable stores  |      | 199 418              | -                   |
| Maintenance materials  |      | -                    | -                   |
| Water  |      | 4 479 643            | -                   |
| Game Animals   |      | -                    | -                   |
| <b>Issued (expensed):</b>  |      | <b>-4 492 556</b>    | <b>-219 669</b>     |
| Consumable stores  |      | -                    | -                   |
| Maintenance materials  |      | -                    | -                   |
| Water  |      | -4 492 556           | -13 515             |
| Game Animals   |      | -                    | -206 154            |
| <b>Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC):</b> |      | <b>-</b>             | <b>-</b>            |
| <b>Closing balance of inventories:</b>   |      | <b>273 195</b>       | <b>86 691</b>       |
| Consumable stores  |      | 199 418              | -                   |
| Maintenance materials  |      | -                    | -                   |
| Water  |      | 73 777               | 86 691              |
| Game Animals   |      | -                    | -                   |

The First-in-First-out (FIFO) costing method is applied on inventories. The same method is used as the inventories have a similar nature and use to the entity. Inventory is measured at the lower of cost and net realisable value



**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

|                                       | Note | 2012<br>R        | 2011<br>R        |
|---------------------------------------|------|------------------|------------------|
| <b>5 VAT RECEIVABLE/(PAYABLE)</b>     |      |                  |                  |
| VAT receivable/(payable)              |      | 9 579 746        | 7 150 762        |
| <b>Total VAT Receivable/(Payable)</b> |      | <b>9 579 746</b> | <b>7 150 762</b> |

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**6 PROPERTY, PLANT AND EQUIPMENT**

**6.1 Reconciliation of Carrying Value**

**as at 1 July 2011**

Cost/Revaluation

Accumulated depreciation and impairment losses

Acquisitions

Capital under Construction

Other Movements\*

Depreciation

Carrying value of disposals

Cost/Revaluation

Accumulated depreciation and impairment losses

Impairment loss/Reversal of impairment loss

Transfers

**as at 30 June 2012**

Cost/Revaluation

Accumulated depreciation and impairment losses

|  | Land<br>R          | Buildings<br>R    | Infrastructure<br>R | Community<br>R    | Heritage<br>R  | Other Assets<br>R | Total<br>R         |
|--|--------------------|-------------------|---------------------|-------------------|----------------|-------------------|--------------------|
| <b>as at 1 July 2011</b>                       | <b>136 078 074</b> | <b>41 898 681</b> | <b>720 777 965</b>  | <b>45 512 247</b> | <b>719 286</b> | <b>27 059 962</b> | <b>972 046 215</b> |
| Cost/Revaluation                               | 137 126 497        | 48 547 382        | 786 444 698         | 52 874 109        | 719 286        | 31 896 042        | 1 057 608 013      |
| Accumulated depreciation and impairment losses | (1 048 422)        | (6 648 701)       | (65 666 733)        | (7 361 862)       | -              | (4 836 081)       | (85 561 799)       |
| Acquisitions                                   | -                  | -                 | -                   | 5 090 963         | -              | 2 288 999         | 7 379 962          |
| Capital under Construction                     | 319 498            | -                 | 13 673 105          | -                 | -              | -                 | 13 992 603         |
| Other Movements*                               | 381 625            | -                 | -                   | -                 | -              | -                 | 381 625            |
| Depreciation                                   | (707 202)          | (3 611 391)       | (32 979 300)        | (4 133 987)       | -              | (3 669 432)       | (45 101 312)       |
| Carrying value of disposals                    | -                  | -                 | -                   | -                 | -              | (5 080)           | (5 080)            |
| Cost/Revaluation                               | -                  | -                 | -                   | -                 | -              | (5 263)           | (5 263)            |
| Accumulated depreciation and impairment losses | -                  | -                 | -                   | -                 | -              | 183               | 183                |
| Impairment loss/Reversal of impairment loss    | -                  | -                 | -                   | -                 | -              | -                 | -                  |
| Transfers                                      | -                  | -                 | -                   | -                 | -              | -                 | -                  |
| <b>as at 30 June 2012</b>                      | <b>136 075 300</b> | <b>38 287 290</b> | <b>701 471 770</b>  | <b>46 469 222</b> | <b>719 286</b> | <b>25 674 449</b> | <b>948 697 317</b> |
| Cost/Revaluation                               | 137 830 924        | 48 547 382        | 800 117 803         | 57 965 072        | 719 286        | 34 179 778        | 1 079 360 244      |
| Accumulated depreciation and impairment losses | (1 755 624)        | (10 260 092)      | (98 646 032)        | (11 495 849)      | -              | (8 505 330)       | (130 662 927)      |

Refer to Appendix B for more detail on property, plant and equipment

*In terms of GRAP 17 management assessed the residual value and useful life of all property, plant and equipment. For the period under review the residual values of all property, plant and equipment (except for official vehicles and machinery and equipment) were assessed at zero, as the economic life of these assets are greater than the useful life.*

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**6.2 Reconciliation of Carrying Value**

**as at 1 July 2010**

Cost/Revaluation

Accumulated depreciation and impairment losses

Acquisitions

Capital under Construction

Other Movements

Depreciation

Carrying value of disposals

Cost/Revaluation

Accumulated depreciation and impairment losses

Impairment loss/Reversal of impairment loss

Transfers

Other movements

**as at 30 June 2011**

Cost/Revaluation

Accumulated depreciation and impairment losses

|  | Land<br>R          | Buildings<br>R    | Infrastructure<br>R | Community<br>R    | Heritage<br>R  | Other Assets<br>R | Total<br>R           |
|--|--------------------|-------------------|---------------------|-------------------|----------------|-------------------|----------------------|
|  | <b>133 061 830</b> | <b>45 223 031</b> | <b>752 419 736</b>  | <b>49 193 177</b> | <b>719 286</b> | <b>29 918 567</b> | <b>1 010 535 626</b> |
| Cost/Revaluation                               | 133 565 675        | 48 547 382        | 785 253 102         | 52 874 109        | 719 286        | 31 896 042        | 1 052 855 597        |
| Accumulated depreciation and impairment losses | (503 846)          | (3 324 351)       | (32 833 366)        | (3 680 932)       | -              | (1 977 475)       | (42 319 970)         |
| Acquisitions                                   | -                  | -                 | -                   | -                 | -              | -                 | -                    |
| Capital under Construction                     | 3 037 521          | -                 | 1 191 595           | -                 | -              | -                 | 4 229 116            |
| Other Movements                                | 523 301            | -                 | -                   | -                 | -              | -                 | 523 301              |
| Depreciation                                   | (544 576)          | (3 324 350)       | (32 833 366)        | (3 680 930)       | -              | (2 858 606)       | (43 241 828)         |
| Carrying value of disposals                    | -                  | -                 | -                   | -                 | -              | -                 | -                    |
| Cost/Revaluation                               | -                  | -                 | -                   | -                 | -              | -                 | -                    |
| Accumulated depreciation and impairment losses | -                  | -                 | -                   | -                 | -              | -                 | -                    |
| Impairment loss/Reversal of impairment loss    | -                  | -                 | -                   | -                 | -              | -                 | -                    |
| Transfers                                      | -                  | -                 | -                   | -                 | -              | -                 | -                    |
| Other movements                                | -                  | -                 | -                   | -                 | -              | -                 | -                    |
|  | <b>136 078 074</b> | <b>41 898 681</b> | <b>720 777 965</b>  | <b>45 512 247</b> | <b>719 286</b> | <b>27 059 962</b> | <b>972 046 215</b>   |
| Cost/Revaluation                               | 137 126 497        | 48 547 382        | 786 444 698         | 52 874 109        | 719 286        | 31 896 042        | 1 057 608 013        |
| Accumulated depreciation and impairment losses | (1 048 422)        | (6 648 701)       | (65 666 733)        | (7 361 862)       | -              | (4 836 081)       | (85 561 799)         |

Refer to Appendix B for more detail on property, plant and equipment

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

**7 BIOLOGICAL ASSETS**

**7.1 Reconciliation of Carrying Value  
as at 1 July 2010**

**WILDLIFE**

|   |           |
|---|-----------|
| Cost/Valuation                          | 4 080 322 |
| Acquisitions                            | 779 640   |
| Decrease due to sales                   | -227 775  |
| Gains/losses from changes in fair value |           |
| Other Movements                         | 206 154   |

**as at 30 June 2011**

**4 838 341**

**as at 1 July 2011**

|   |            |
|---|------------|
| Cost/Valuation                          | 4 838 341  |
| Acquisitions                            | -          |
| Decrease due to sales                   | -104 264   |
| Gains/losses from changes in fair value | 1 097 665  |
| Other Movements                         | -1 990 042 |

**as at 30 June 2012**

**3 841 700**

**7.2 Non-financial information**

**Quantities of each biological asset**

|                   |            |            |
|-------------------|------------|------------|
| Blesbucks         | 80         | 103        |
| Gemsbucks         | 53         | 64         |
| Red Hartebeests   | 95         | 122        |
| Blue Wilderbeests | 67         | 73         |
| Impala            | 83         | 161        |
| Buffalos          | 7          | 9          |
| Eland             | 50         | 51         |
| Waterbuck         | 10         | 22         |
| Rhinocerus        | 2          | 10         |
| Springbucks       | 71         | 81         |
| Ostrich           | -          | 11         |
| Duiker            | -          | 17         |
|                   | <b>518</b> | <b>724</b> |

**7.3 Methods and assumptions used in determining the fair value**

The Fair value assesement was determined by SA Auctioneers taking into account the relevant market values of the respective breeding / family groups.

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | Note | 2012<br>R                      | 2011<br>R            |
|---|------|--------------------------------|----------------------|
| <b>TRADE AND OTHER PAYABLES FROM EXCHANGE</b>                                   |      |                                |                      |
| <b>8 TRANSACTIONS</b>   |      |                                |                      |
| Trade creditors   |      | 79 197 014                     | 59 240 975           |
| Payments received in advance  |      | 1 165 900                      | -                    |
| Retentions  |      | 1 877 220                      | 936 038              |
| Staff Leave Accrual   |      | 5 707 972                      | 4 802 473            |
| Bonus Accrual   |      | 2 296 405                      | 2 250 759            |
| Other creditors   |      | 24 279 710                     | 15 232 235           |
| <b>Total creditors</b>  |      | <b>114 524 220</b>             | <b>82 462 480</b>    |
| The fair value of trade and other payables approximates their carrying amounts. |      |                                |                      |
| The movement on the staff leave and bonus accrual are reconciled as follows:    |      |                                |                      |
|   |      | <b>Staff Leave<br/>Accrual</b> | <b>Bonus Accrual</b> |
| Opening Balance   |      | <b>2 250 759</b>               | <b>2 082 372</b>     |
| Expenditure Incurred  |      |                                | 168 387              |
| Contributions   |      | 45 646                         |                      |
| Closing Balance   |      | <b>2 296 405</b>               | <b>2 250 759</b>     |
| <b>9 CONSUMER DEPOSITS</b>  |      |                                |                      |
| Water and Electricity   |      | 3 760 385                      | 3 274 255            |
| <b>Total</b>  |      | <b>3 760 385</b>               | <b>3 274 255</b>     |
| <b>10 CURRENT PROVISIONS</b>  |      |                                |                      |
| Current portion of long-service awards  |      | 290 372                        | 267 225              |
| Rehabilitation of landfill sites  |      | -                              | -                    |
| <b>Total Provisions</b>   |      | <b>290 372</b>                 | <b>267 225</b>       |
| <b>11 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>                               |      |                                |                      |
| <b>Unspent Conditional Grants from other spheres of</b>                         |      |                                |                      |
| <b>11.1 Government</b>  |      |                                |                      |
| MIG Grant   | 19.2 | -                              | 6 067 111            |
| Dr Ruth S Mompati Distric Municipality  | 19.3 | -                              | -                    |
| INEP Grant  | 19.4 | 316 192                        | 3 557 777            |
| FMG Grant   | 19.5 | 1 657 897                      | 658 265              |
| Sports, Arts and Culture Grant  | 19.6 | -                              | -                    |
| MSIG Grant  | 19.7 | 152 150                        | -                    |
| Housing development Grant   | 19.8 | -                              | -                    |
| <b>Total Unspent Conditional Grants and Receipts</b>                            |      | <b>2 126 239</b>               | <b>10 283 153</b>    |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | <b>Note</b> | <b>2012<br/>R</b> | <b>2011<br/>R</b> |
|--|-------------|-------------------|-------------------|
|--|-------------|-------------------|-------------------|

**Non-current unspent conditional grants and receipts**

-

-

**Current portion of unspent conditional grants and receipts**

**2 126 239**

**10 283 153**

See Note 19 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

## **12 BORROWINGS**

DBSA Loans

13 128 543

15 899 146

*Less: Current portion transferred to current liabilities*

56 487 242

45 853 438

**Total Borrowings**

**69 615 785**

**61 752 584**

Refer to Appendix A for more detail on borrowings.

## **13 FINANCE LEASE LIABILITY**

**Minimum lease payment**

Within one year

-

516 522

Within two to five years

-

516 522

Less: Future Finance Charges

(99 252)

**Present value of minimum lease payments**

-

**417 270**

**Present value of minimum lease payments due**

Within one year

-

516 522

Within two to five years

-

-

-

**516 522**

Non-current liabilities

-

Current Liabilities

4 299

516 521

**4 299**

**516 521**

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

**14 NON-CURRENT PROVISIONS**

|                                  |  |                   |                   |
|----------------------------------|--|-------------------|-------------------|
| Long-service awards              |  | 6 745 714         | 6 207 978         |
| Rehabilitation of Landfill Sites |  | 10 166 882        | 9 785 257         |
| <b>Total</b>                     |  | <b>16 912 596</b> | <b>15 993 235</b> |

The movement in non-current provisions are reconciled as follows:

**LONG-SERVICE AWARDS**

|                                    |                  |
|------------------------------------|------------------|
| <b>as at 1 July 2010</b>           | 5 959 032        |
| Contributions to provision         | 1 072 106        |
| Expenditure incurred               | (555 935)        |
| <b>as at 30 June 2011</b>          | <b>6 475 203</b> |
| <b>Transfer to current portion</b> |                  |

|                            |                  |
|----------------------------|------------------|
| <b>as at 1 July 2011</b>   | 6 475 203        |
| Contributions to provision | 1 156 892        |
| Expenditure incurred       | (596 010)        |
| <b>as at 30 June 2012</b>  | <b>7 036 085</b> |

**REHABILITATION OF LANDFILL SITES**

|                            |                  |
|----------------------------|------------------|
| <b>as at 1 July 2010</b>   | 9 261 956        |
| Contributions to provision | 523 301          |
| Expenditure incurred       |                  |
| <b>as at 30 June 2011</b>  | <b>9 785 257</b> |

|                            |                   |
|----------------------------|-------------------|
| <b>as at 1 July 2011</b>   | 9 785 257         |
| Contributions to provision | 381 625           |
| Expenditure incurred       |                   |
| <b>as at 30 June 2012</b>  | <b>10 166 882</b> |

Rehabilitation of landfill site

The timing for the possible outflow of resources for the rehabilitation for the landfill site could not be determined at the date of the financial statements. The discount rate used to calculate the obligation at year-end was 5.96%  
The following key assumptions were made to arrive at the amount disclosed as a possible future obligation:

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

Environmental impact process for establishment of solid waste disposal site  
Supply and operation of machinery to transfer refuse  
Sloping and spreading of slopes and ground work, including manual hand labour

An estimated amount was calculated and an average discount rate of 5.96% as per SASTATS was used to calculate the obligation at year-end.

**15 PROPERTY RATES**

**Actual**

|   |                   |                   |
|---|-------------------|-------------------|
| Residential   | 7 773 776         | 20 963 025        |
| Commercial  | 12 574 677        | -                 |
| State   | 3 623 585         | -                 |
| <b>Total property rates</b>                               | <b>23 972 037</b> | <b>20 963 025</b> |
| Property rates - penalties imposed and collection charges | 1 604 743         | -                 |
| <b>Total</b>  | <b>25 576 780</b> | <b>20 963 025</b> |

**Valuations**

|             |               |               |
|-------------|---------------|---------------|
| Residential | 1 565 215 881 | 1 565 215 881 |
|-------------|---------------|---------------|

*Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. A general rate of 0.67% (2011/12) is applied to property valuations to determine annual assessment rates.*

**16 SERVICE CHARGES**

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Sale of electricity             | 72 006 712         | 59 244 525         |
| Sale of water                   | 25 408 065         | 22 116 324         |
| Refuse removal                  | 12 787 876         | 13 601 049         |
| Sewerage and sanitation charges | 13 074 015         | 12 449 387         |
| <b>Total Service Charges</b>    | <b>123 276 668</b> | <b>107 411 285</b> |

**17 RENTAL OF FACILITIES AND EQUIPMENT**

|                      |                |                |
|----------------------|----------------|----------------|
| Rental of facilities | 877 899        | 780 097        |
| Rental of equipment  | 20 357         | -              |
| <b>Total rentals</b> | <b>898 256</b> | <b>780 097</b> |



**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

**18 INTEREST EARNED**

|                         |  |                  |                  |
|-------------------------|--|------------------|------------------|
| External Investments    |  | 171 007          | 274 767          |
| Outstanding Receivables |  | 9 063 589        | 7 421 099        |
| <b>Total interest</b>   |  | <b>9 234 596</b> | <b>7 695 866</b> |

**19 GOVERNMENT GRANTS AND SUBSIDIES**

|   |      |                   |                   |
|---|------|-------------------|-------------------|
| Equitable Share                             | 19.1 | 23 591 000        | 26 404 640        |
| MIG Grant                                   | 19.2 | 18 076 111        | 4 856 790         |
| Dr Ruth S Mompoti Distric Municipality      | 19.3 | -                 | 4 801 640         |
| INEP Grant                                  | 19.4 | 3 241 585         | 2 108 367         |
| FMG Grant                                   | 19.5 | 500 368           | 596 285           |
| Sports, Arts and Culture Grant              | 19.6 | -                 | 460 000           |
| MSIG Grant                                  | 19.7 | 637 850           | 750 000           |
| Housing development Grant                   | 19.8 | -                 | 1 720 256         |
| <b>Total Government Grant and Subsidies</b> |      | <b>46 046 914</b> | <b>41 697 978</b> |

**19.1 Equitable Share**

*This grant is used to fund the operations of the municipality in accordance with the approved MTREF budget.*

|                   |                   |
|-------------------|-------------------|
| <b>23 591 000</b> | <b>26 404 640</b> |
|-------------------|-------------------|

**19.2 MIG Grant**

|  |              |                  |
|--|--------------|------------------|
| <b>Balance unspent at beginning of year</b>  | 6 067 111    | 1 082 906        |
| Current year receipts  | 12 009 000   | 9 984 000        |
| Conditions met - transferred to revenue  | (18 076 111) | (4 999 795)      |
| <b>Conditions still to be met - remain liabilities (see note 11)</b>   | <b>-</b>     | <b>6 067 111</b> |
| <i>To provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities</i> |              |                  |

**19.3 Dr Ruth S Mompoti Distric Municipality**

|   |          |             |
|---|----------|-------------|
| <b>Balance unspent at beginning of year</b>   | -        |             |
| Current year receipts   | -        | 4 801 640   |
| Conditions met - transferred to revenue   | -        | (4 801 640) |
| <b>Conditions still to be met - remain liabilities (see note 11)</b>                              | <b>-</b> | <b>-</b>    |
| <i>The district municipality assist the local municipality with this grant when it is in need</i> |          |             |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R        | 2011<br>R        |
|--|------|------------------|------------------|
| <b>19.4 INEP Grant</b>   |      |                  |                  |
| Balance unspent at beginning of year   |      | 3 557 777        | 5 523 138        |
| Current year receipts  |      | -                | -                |
| Conditions met - transferred to revenue  |      | (3 241 585)      | (1 965 361)      |
| <b>Conditions still to be met - remain liabilities (see note 11)</b>   |      | <b>316 192</b>   | <b>3 557 777</b> |
| <i>To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to Eskom to address the electrification backlog of occupied residential dwelling, the installation on bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure</i> |      |                  |                  |
| <b>19.5 FMG Grant</b>  |      |                  |                  |
| Balance unspent at beginning of year   |      | 658 265          | 4 550            |
| Current year receipts  |      | 1 500 000        | 1 250 000        |
| Conditions met - transferred to revenue  |      | (500 368)        | (596 285)        |
| <b>Conditions still to be met - remain liabilities (see note 11)</b>   |      | <b>1 657 897</b> | <b>658 265</b>   |
| <i>This grant is used to fund the financial operations of the municipality</i>   |      |                  |                  |
| <b>19.6 Sports, Arts and Culture Grant</b>   |      |                  |                  |
| Balance unspent at beginning of year   |      | -                | -                |
| Current year receipts  |      | -                | 460 000          |
| Conditions met - transferred to revenue  |      | -                | (460 000)        |
| <b>Conditions still to be met - remain liabilities (see note 11)</b>   |      | <b>-</b>         | <b>-</b>         |
| <i>To facilitate mass participation within communities and schools</i>   |      |                  |                  |
| <b>19.7 MSIG Grant</b>   |      |                  |                  |
| Balance unspent at beginning of year   |      | -                | -                |
| Current year receipts  |      | 790 000          | 750 000          |
| Conditions met - transferred to revenue  |      | (637 850)        | (750 000)        |
| <b>Conditions still to be met - remain liabilities (see note 11)</b>   |      | <b>152 150</b>   | <b>-</b>         |
| <i>This grant is used to fund training of municipal staff</i>  |      |                  |                  |
| <b>19.8 Housing development Grant</b>  |      |                  |                  |
| Balance unspent at beginning of year   |      | -                | 1 720 256        |
| Current year receipts  |      | -                | -                |
| Conditions met - transferred to revenue  |      | -                | (1 720 256)      |
| <b>Conditions still to be met - remain liabilities (see note 11)</b>   |      | <b>-</b>         | <b>-</b>         |
| <i>This grant is used to build the low cost houses (RDP)</i>   |      |                  |                  |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R         | 2011<br>R         |
|--|------|-------------------|-------------------|
| <b>20 OTHER INCOME</b>   |      |                   |                   |
| Commission on sales  |      | 356 261           | -                 |
| Cemetery Fees  |      | 264 882           | -                 |
| Roadworthy Certificates  |      | 351 542           | -                 |
| Building Plan Fees   |      | 643 055           | -                 |
| Other Income   |      | 1 501 239         | 2 478 805         |
|  |      | <b>3 116 979</b>  | <b>2 478 805</b>  |
| <b>21 EMPLOYEE RELATED COSTS</b>                                       |      |                   |                   |
| Employee related costs - Salaries and Wages                            |      | 43 744 955        | 37 910 168        |
| Performance and other bonuses  |      | 3 971 065         | 3 489 824         |
| Travel, Motor vehicle, Accommodation, Subsistence and Other allowances |      | 4 583 547         | 3 499 396         |
| Employee related costs - Contributions to UIF, Pension and Medical Aid |      | 12 572 398        | 12 105 688        |
| Housing benefits and allowances  |      | 267 111           | 302 544           |
| Long service awards  |      | 1 156 892         | 555 935           |
| Overtime payments  |      | 5 359 602         | 5 706 818         |
| Other employee related cost  |      | 1 976 477         | -                 |
| <b>Total Employee Related Costs</b>                                    |      | <b>73 632 048</b> | <b>63 570 373</b> |
| <i>Included in above Employee Related Costs are the following:</i>     |      |                   |                   |
| <b>REMUNERATION OF THE MUNICIPAL MANAGER</b>                           |      |                   |                   |
| Annual Remuneration  |      | 624 605           | 689 616           |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances |      | 385 420           | 335 775           |
| Contributions to UIF, pension and medical aid                          |      | 38 283            | 9 971             |
| Other employee related costs   |      | -                 | -                 |
| <b>Total</b>   |      | <b>1 048 307</b>  | <b>1 035 362</b>  |
| <b>REMUNERATION OF THE CHIEF FINANCE OFFICER</b>                       |      |                   |                   |
| Annual Remuneration  |      | 273 230           | 411 571           |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances |      | 319 996           | 277 432           |
| Contributions to UIF, pension and medical aid                          |      | 160 532           | 217 718           |
| Other employee related costs   |      | -                 | -                 |
| <b>Total</b>   |      | <b>753 758</b>    | <b>906 721</b>    |
| <b>REMUNERATION OF TECHNICAL SERVICES DIRECTOR</b>                     |      |                   |                   |
| Annual Remuneration  |      | 270 897           | 602 550           |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances |      | 109 052           | 132 263           |
| Contributions to UIF, pension and medical aid                          |      | 4 252             | 8 303             |
| Other employee related costs   |      | -                 | -                 |
| <b>Total</b>   |      | <b>384 202</b>    | <b>743 116</b>    |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

**REMUNERATION OF CORPORATE SERVICES DIRECTOR**

|  |  |                |                |
|--|--|----------------|----------------|
| Annual Remuneration  |  | 505 474        | 437 075        |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances |  | 206 095        | 213 603        |
| Contributions to UIF, pension and medical aid                          |  | 221 619        | 235 745        |
| Other employee related costs   |  | -              | -              |
| <b>Total</b>   |  | <b>933 187</b> | <b>886 423</b> |

**REMUNERATION OF SUPPORT SERVICES DIRECTOR**

|  |  |                |                |
|--|--|----------------|----------------|
| Annual Remuneration  |  | 389 738        | 325 030        |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances |  | 272 739        | 260 813        |
| Contributions to UIF, pension and medical aid                          |  | 196 938        | 182 932        |
| Other employee related costs   |  | -              | -              |
| <b>Total</b>   |  | <b>859 416</b> | <b>768 775</b> |

**REMUNERATION OF COMMUNITY SERVICES DIRECTOR**

|  |  |                |                |
|--|--|----------------|----------------|
| Annual Remuneration  |  | 551 221        | 398 803        |
| Travel, Motor Vehicle, Accommodation, Subsistence and other allowances |  | 213 952        | 236 552        |
| Contributions to UIF, pension and medical aid                          |  | 142 857        | 154 132        |
| Other employee related costs   |  | -              | -              |
| <b>Total</b>   |  | <b>908 031</b> | <b>789 487</b> |

**22 REMUNERATION OF COUNCILLORS**

|  |  |                  |                  |
|--|--|------------------|------------------|
| Mayor  |  | 631 727          | 610 803          |
| Speaker  |  | 281 268          | 211 725          |
| Executive Committee Members                        |  | 837 158          | 786 456          |
| Councillors  |  | 2 530 950        | 2 775 415        |
| Councillors' pension and medical aid contributions |  | 46 459           | -                |
| <b>Total Councillors' Remuneration</b>             |  | <b>4 327 562</b> | <b>4 384 399</b> |

**In-kind Benefits**

*The Executive Mayor, Speaker and Mayoral Committee Members are full-time employees. Each is provided with an office and secretarial support at the cost of the Council.*

*The Executive Mayor has use of the Council owned vehicle with one driver for official duties.*

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | Note | 2012<br>R         | 2011<br>R         |
|---|------|-------------------|-------------------|
| <b>23 GRANTS AND SUBSIDIES PAID</b>             |      |                   |                   |
| Donations                                       |      | -                 | -                 |
| Community bursaries                             |      | 41 018            | -                 |
| Community capacity building and training        |      | -                 | -                 |
| LED projects                                    |      | -                 | -                 |
| Pauper burials                                  |      | -                 | -                 |
| Transfers to community members                  |      | -                 | -                 |
| Disaster relief aid                             |      | -                 | -                 |
| Refuse bags                                     |      | 333 849           | -                 |
| Refuse Bins                                     |      | 14 035            | -                 |
| <b>Total</b>                                    |      | <b>388 902</b>    | <b>-</b>          |
| <b>24 DEPRECIATION AND AMORTISATION EXPENSE</b> |      |                   |                   |
| Property, plant and equipment                   |      | 45 101 312        | 8 462 733         |
| <b>Total Depreciation and Amortisation</b>      |      | <b>45 101 312</b> | <b>8 462 733</b>  |
| <b>25 FINANCE COSTS</b>                         |      |                   |                   |
| Borrowings                                      |      | 8 041 977         | 10 435 449        |
| Consumer deposits                               |      | -                 | -                 |
| Bank overdrafts                                 |      | -                 | -                 |
| Creditors                                       |      | 129               | -                 |
| <b>Total Finance Costs</b>                      |      | <b>8 042 106</b>  | <b>10 435 449</b> |
| <b>26 BULK PURCHASES</b>                        |      |                   |                   |
| Electricity                                     |      | 38 656 420        | 38 985 192        |
| Water   |      | 4 492 556         | 6 800 634         |
| <b>Total Bulk Purchases</b>                     |      | <b>43 148 976</b> | <b>45 785 826</b> |
| <b>27 CONTRACTED SERVICES</b>                   |      |                   |                   |
| Accounting services                             |      | 703 875           | 3 833 628         |
| Architectural services                          |      | 1 636             | -                 |
| Business plans and feasibility services         |      | 197 958           | -                 |
| Community satisfaction survey services          |      | -                 | -                 |
| Computer Services                               |      | -                 | 394 828           |
| Consulting Services                             |      | -                 | 1 055 517         |
| Contracted Workers                              |      | 2 641 439         | -                 |
| Document and registry services                  |      | -                 | -                 |
| Employee training services                      |      | -                 | -                 |
| Internal audit services                         |      | -                 | -                 |
| Landfill rehabilitation services                |      | -                 | -                 |
| Legal Services                                  |      | -                 | 3 507 990         |
| Meter reading services                          |      | 234 710           | 304 629           |
| Payroll services                                |      | 128 013           | -                 |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|                       | Note | 2012<br>R        | 2011<br>R        |
|-----------------------|------|------------------|------------------|
| Professional Services |      | 479 511          | -                |
| Recruitment services  |      | -                | -                |
| Security services     |      | 736 707          | 391 892          |
| Valuation services    |      | 79 355           | -                |
|                       |      | <b>5 203 203</b> | <b>9 488 484</b> |

**28 GENERAL EXPENSES**

Included in general expenses are the following:-

|                                    |           |           |
|------------------------------------|-----------|-----------|
| Advertising                        | 293 088   | 114 838   |
| Affiliation fees                   | -         | 399 682   |
| Audit fee                          | 2 267 667 | 1 607 750 |
| Bank charges                       | 612 807   | 516 589   |
| Books and publications             | 93 951    | -         |
| Chemicals                          | 94 877    | 89 426    |
| Civil Entertainment                | -         | 161 595   |
| Cleaning materials and consumables | 142 766   | 158 606   |
| Community functions                | 20 531    | -         |
| Computer Expenses                  | -         | 3 005     |
| Congresses and conferences         | 25 000    | -         |
| Debt Collection                    | -         | 6 082 194 |
| Disaster Management                | -         | 20 520    |
| Electricity                        | 2 654 640 | 220 838   |
| Employee Arbitration Cases         | 800 885   | -         |
| Employee assistance program        | 17 193    | -         |
| Employee bursaries                 | 63 243    | -         |
| Employee furniture removal costs   | 16 337    | -         |
| Employee sports program            | 37 622    | -         |
| Entertainment - Councillors        | 6 660     | 1 228     |
| Entertainment - Officials          | 3 269     | 23 541    |
| Fleet                              | -         | 1 659     |
| Fraud hotline                      | -         | -         |
| Indigent Subsidy                   | -         | 1 929 983 |
| Insurance premiums                 | 601 621   | 517 091   |
| Internet charges                   | -         | -         |
| Kitchen ware and cutlery           | -         | -         |
| Legal expenses                     | 1 421 468 | -         |
| Licenses : Radios                  | -         | -         |
| Licenses : Other                   | 21 400    | -         |
| Machinery : Fuel and oil           | 4 679     | -         |
| Material                           | 45 982    | -         |
| Mayoral inauguration               | 125 702   | -         |
| Membership fees : Societies        | 530 861   | -         |
| Motor vehicle expenses             | -         | 44 967    |
| Other expenses                     | -         | 168 731   |
| Pensioners medical aid             | -         | 36 678    |
| Pest control                       | -         | -         |
| Postage stamps and telegraphs      | 667 876   | 575 750   |
| Printing and stationery            | 655 765   | 611 494   |
| Promotion and marketing            | -         | -         |
| Refreshments and meals             | 169 717   | -         |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|                                      | Note | 2012<br>R         | 2011<br>R         |
|--------------------------------------|------|-------------------|-------------------|
| Rental : Equipment                   |      | 897 767           | 153 170           |
| Rental : Office                      |      | -                 | -                 |
| Royalties and license fees           |      | -                 | 161 106           |
| Sanitary and refuse removal          |      | -                 | -                 |
| Small tools and equipment            |      | 686 527           | -                 |
| Software expenses                    |      | 124 440           | -                 |
| Special projects                     |      | -                 | -                 |
| Stipends: Ward Committee Members     |      | -                 | 355 037           |
| Sundry expences                      |      | 10 905            | -                 |
| Telephone                            |      | 1 368 663         | 850 262           |
| Training and courses                 |      | 152 147           | 269 265           |
| Travel and subsistence : Councillors |      | 117 457           | -                 |
| Travel and subsistence : Officials   |      | 196 564           | 330 405           |
| Travel and subsistence : Interviews  |      | 7 680             | -                 |
| Uniforms and protective clothing     |      | 206 030           | 151 425           |
| Valuation Roll                       |      | -                 | 190 527           |
| Vehicles : Fuel and oil              |      | 2 221 627         | -                 |
| Vehicles : Licenses                  |      | 202 374           | -                 |
| Vehicles : Rental                    |      | 190 063           | -                 |
| Water supply                         |      | -                 | -                 |
| Workmans compensation                |      | -                 | -                 |
| <b>Total</b>                         |      | <b>17 777 855</b> | <b>15 747 362</b> |

**29 GAIN / (LOSS) ON SALE OF ASSETS**

|  |                |          |
|--|----------------|----------|
| Property, plant and equipment                | (5 791)        | -        |
| <b>Total Gain / (Loss) on Sale of Assets</b> | <b>(5 791)</b> | <b>-</b> |

**30 CASH GENERATED BY OPERATIONS**

|  |                   |                   |
|--|-------------------|-------------------|
| Surplus/(deficit) for the year                             | (35 063 224)      | (10 594 768)      |
| Adjustment for:-   |                   |                   |
| Depreciation and amortisation                              | 45 101 312        | 8 462 733         |
| (Gain)/Loss on sale of assets                              | 5 791             | -                 |
| Gain/ (loss) on biological assets                          | 2 006 556         | (551 865)         |
| Gain / (loss) on fair value adjustment - Biological Assets | (1 097 665)       |                   |
| Bad Debts  | 40 452 279        | 26 812 530        |
| Other non-cash item  | (2 544 098)       |                   |
| Prior year retained earnings error                         |                   | 31 984 148        |
| <b>Operating surplus before working capital changes:</b>   | <b>48 860 952</b> | <b>56 112 778</b> |
| (Increase)/decrease in trade receivables                   | (50 208 448)      | (42 063 730)      |
| (Increase)/decrease in other receivables                   | (1 700 168)       | (744 374)         |
| (Increase)/decrease in inventory                           | (186 504)         | 219 669           |
| (Increase)/decrease in VAT receivable                      | (2 428 984)       | 2 009 048         |
| Increase/(decrease) in trade payables                      | 32 061 740        | (15 069 817)      |
| Increase/(decrease) in consumer deposits                   | 486 130           | 173 992           |
| Increase/(decrease) in conditional grants and receipts     | 8 156 914         | 3 672 559         |
| Increase/(decrease) in borrowings                          | (10 633 804)      | (2 179 965)       |
| Increase/(decrease) in finance lease liability             | (512 223)         | (193 752)         |
| Increase/(decrease) in provisions                          | 23 147            | (340 269)         |
| <b>Cash generated by/(utilised in) operations</b>          | <b>23 918 752</b> | <b>1 596 139</b>  |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | Note | 2012<br>R        | 2011<br>R          |
|---|------|------------------|--------------------|
| <b>31 CASH AND CASH EQUIVALENTS</b>   |      |                  |                    |
| Cash and cash equivalents included in the cash flow statement comprise the following:                                     |      |                  |                    |
| Bank balances and cash  |      | 5 974 637        | (163 806)          |
| Short term investments  |      | 3 178 695        | 3 462 614          |
| <b>Net cash and cash equivalents (net of bank overdrafts)</b>   |      | <b>9 153 332</b> | <b>3 298 807</b>   |
| <b>32 CHANGE IN ACCOUNTING POLICY</b>   |      |                  |                    |
| <b>32.1 Property, Plant and Equipment Implementation of GRAP</b>  |      | -                | <b>169 812 316</b> |
| Property, plant and equipment previously incorrectly recorded debited to Accumulated Surplus/(Deficit)                    |      | -                | (169 812 316)      |
| Property, plant and equipment previously not recorded credited to Accumulated Surplus/(Deficit)                           |      | -                | 972 046 215        |
| Backlog Depreciation: Property, Plant and Equipment   |      | -                | -                  |
| <b>Total credited/(debited) to Accumulated Surplus/(Deficit) (see 32.3 below)</b>   |      | <b>-</b>         | <b>802 233 899</b> |
| <b>32.2 Investment Property Implementation of GRAP</b>  |      | -                | <b>3 116 268</b>   |
| Investment Property previously incorrectly valued now corrected debited to Accumulated Surplus/(Deficit)                  |      | -                | (3 116 268)        |
| <b>Total (debited) to Accumulated Surplus/(Deficit) (see 32.3 below)</b>  |      | <b>-</b>         | <b>(3 116 268)</b> |
| <b>32.3 Provisions Implementation of GRAP</b>   |      | -                | -                  |
| Incorrect accounting policy applied previously on provision of rehabilitation of landfill sites                           |      | -                | (9 785 257)        |
| Incorrect accounting policy applied previously on provision of rehabilitation of landfill sites                           |      | -                | -                  |
| <b>Total credited/(debited) to Accumulated Surplus/(Deficit) (see 32.3 below)</b>   |      | <b>-</b>         | <b>(9 785 257)</b> |
| <b>TOTAL CHANGE IN ACCOUNTING POLICY ((Surplus)/Deficit)</b>  |      | <b>-</b>         | <b>789 332 374</b> |
| <b>32.3 ACCUMULATED SURPLUS/(DEFICIT)</b>   |      |                  |                    |
| Balance at beginning of the year  |      | 867 367 567      | (30 433 602)       |
| Property, plant and equipment previously incorrectly recorded debited to Accumulated Surplus/(Deficit) (see 32.1 above)   |      | -                | (169 812 316)      |
| Investment Property previously recorded at provisional amounts credited to Accumulated Surplus/(Deficit) (see 32.2 above) |      | -                | (3 116 268)        |
| Incorrect accounting policy applied previously on provision of rehabilitation of landfill sites (see 32.3 above)          |      | -                | (9 785 257)        |



**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | Note | 2012<br>R          | 2011<br>R          |
|---|------|--------------------|--------------------|
| Property, plant and equipment previously not recorded credited to Accumulated Surplus/(Deficit) |      | -                  | 972 046 215        |
| Backlog depreciation (see 32.2 above)   |      | -                  | -                  |
| Correction of Error - (See note 33 below)   |      | -                  | 119 063 563        |
| Surplus/(deficit) for the year  |      | (35 063 224)       | (10 594 768)       |
|   |      | <b>832 304 343</b> | <b>867 367 567</b> |

### 33 CORRECTION OF ERROR

With the implementation of GRAP a government grant reserve was created, however this balance is not supported and is not in terms of any GRAP standard. This balance has

#### 33.1 now been written back.

The comparative amount has been restated as follows:

##### Net Assets

|  |            |
|--|------------|
| Government Grant Reserve (Increase)/Decrease | 92 154 045 |
|--|------------|

|                          |            |
|--------------------------|------------|
| Net effect on Net Assets | 92 154 045 |
|--------------------------|------------|

|   |            |
|---|------------|
| Net effect on Accumulated surplus opening balance | 92 154 045 |
|---|------------|

With the implementation of GRAP a Donations and Public Contributions reserve was created, however this balance is not supported and is not in terms of any GRAP standard.

#### 33.2 This balance has now been written back.

The comparative amount has been restated as follows:

##### Net Assets

|  |           |
|--|-----------|
| Donations and Public Contributions (Increase)/Decrease | 4 979 840 |
|--|-----------|

|                          |           |
|--------------------------|-----------|
| Net effect on Net Assets | 4 979 840 |
|--------------------------|-----------|

|   |           |
|---|-----------|
| Net effect on Accumulated surplus opening balance | 4 979 840 |
|---|-----------|

We noted that the amount on deposits disclosed as part of Trade and other receivables in the prior year does not exist.

#### 33.3 The balance is not supported and therefore now written off

The comparative amount has been restated as follows:

##### Current Assets

|   |                  |
|---|------------------|
| <i>Other receivables from non-exchange transactions Increase/(Decrease)</i> | <i>(140 000)</i> |
|---|------------------|

|   |           |
|---|-----------|
| Net effect on Statement of Financial Position | (140 000) |
|---|-----------|

|   |           |
|---|-----------|
| Net effect on Accumulated surplus opening balance | (140 000) |
|---|-----------|

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | Note   | 2012<br>R | 2011<br>R    |
|---|--|-----------|--------------|
| <p>In the current year we noted that the prior year unallocated receipts, land sales and other deposits suspense accounts had no support and the balances could not be explained.</p> |  |           |              |
| <b>33.4</b>   | Therefore these balances are now written off   |           |              |
|   | <u>Trade and other payables</u>  |           |              |
|   | <i>Other Creditors (Increase)/Decrease</i>   |           | 11 557 629   |
|   | Net effect on Statement of Financial Position  |           | 11 557 629   |
|   | Net effect on Accumulated surplus opening balance  |           | 11 557 629   |
| <p>A review was performed on all outstanding creditors and the balance corrected to reflect the actual creditor balance at year-end. A opening balance adjustment was performed</p>   |  |           |              |
| <b>33.5</b>   |  |           |              |
|   | <u>Current Liabilities</u>   |           |              |
|   | <i>Trade and Other payables from exchange transactions (Increase)/Decrease - Trade Creditors</i> |           | 99 120 902   |
|   | <i>Trade and Other payables from exchange transactions (Increase)/Decrease - Other Creditors</i> |           | 4 772 359    |
|   | <i>Trade and Other payables from exchange transactions (Increase)/Decrease</i>                   |           | (74 473 210) |
|   | Net effect on Statement of Financial Position  |           | 29 420 050   |
|   | Net effect on Accumulated surplus opening balance  |           | 29 420 050   |
| <p>We noted that the assets recognised as intangible assets does not meet the definition or recognition criteria. The software purchased should have been expensed.</p>               |  |           |              |
| <b>33.6</b>   |  |           |              |
|   | <u>Non-current assets</u>  |           |              |
|   | <i>Intangible assets Increase/(Decrease)</i>   |           | (476 431)    |
|   | Net effect on Statement of Financial Position  |           | (476 431)    |
|   | Net effect on Accumulated surplus opening balance  |           | (476 431)    |
| <p>We noted that no accrual for the annual bonus payout was disclosed in prior years. This has now been corrected</p>   |  |           |              |
| <b>33.7</b>   |  |           |              |
|   | <u>Current Liabilities</u>   |           |              |
|   | <i>Trade and Other Payables (Increase)/Decrease</i>  |           | (2 250 759)  |
|   | Net effect on Statement of Financial Position  |           | (2 250 759)  |
|   | Net effect on Accumulated surplus opening balance  |           | (2 250 759)  |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | Note | 2012<br>R | 2011<br>R   |
|---|------|-----------|-------------|
| <p>We noted that no provision for the long-service award payout was disclosed in prior years. This has now been corrected.</p>  |      |           |             |
| <b>33.8</b>   |      |           |             |
| <u>Current Liabilities</u>  |      |           |             |
| Provisions (Increase)/Decrease  |      |           | (267 225)   |
| <u>Non-current liabilities</u>  |      |           |             |
| Provisions (Increase)/Decrease  |      |           | (6 207 978) |
| Net effect on Statement of Financial Position   |      |           | (6 475 203) |
| Net effect on Accumulated surplus opening balance   |      |           | (6 475 203) |
| <p>We noted that the Provision on the rehabilitation of the landfill site was incorrectly recorded and applied in the prior year. This has now been corrected</p>   |      |           |             |
| <b>33.9</b>   |      |           |             |
| <u>Current Liabilities</u>  |      |           |             |
| Current provisions (Increase)/Decrease  |      |           | 257 371     |
| Net effect on Statement of Financial Position   |      |           | 257 371     |
| Net effect on Accumulated surplus opening balance   |      |           | 257 371     |
| <p>The outstanding balance on the finance lease liability was also included in the DBSA Borrowings calculation, therefore the amount was recognised twice. Furthermore interest was not calculated correctly in the prior year. This has now been corrected</p> |      |           |             |
| <b>33.10</b>  |      |           |             |
| <u>Current Assets</u>   |      |           |             |
| Current portion of borrowings ((Increase)/Decrease)   |      |           | 516 942     |
| Current portion of finance lease liability ((Increase)/Decrease)  |      |           | 420         |
| Net effect on Statement of Financial Position   |      |           | 517 362     |
| Net effect on Accumulated surplus opening balance   |      |           | 517 362     |
| <p>The petty cash balance from the prior year was not supported, the incorrect balance has been written off and the new opening balance recorded</p>  |      |           |             |
| <b>33.11</b>  |      |           |             |
| <u>Current Assets</u>   |      |           |             |
| Petty Cash (Increase/((Decrease))   |      |           | (9 937)     |
| Petty Cash (Increase/((Decrease))   |      |           | 413         |
| Net effect on Statement of Financial Position   |      |           | (9 524)     |
| Net effect on Accumulated surplus opening balance   |      |           | (9 524)     |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

The cashbook balances for the prior year were reperformed to ensure that the correct cashbook balance was accounted

**33.12** for.

Current Assets

Cash and cash equivalents (Increase)/((Decrease) (9 534 780)

Net effect on Statement of Financial Position (9 534 780)

Net effect on Accumulated surplus opening balance (9 534 780)

Retentions payable at 30 June 2011 was not recognised. This

**33.13** has now been corrected

Current Liabilities

Retentions ((Increase)/Decrease) (936 038)

Net effect on Statement of Financial Position (936 038)

Net effect on Accumulated surplus opening balance (936 038)

**TOTAL CORRECTION OF ERROR ((Surplus)/Deficit)**

**119 063 563**

**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL**

**34 EXPENDITURE DISALLOWED**

**34.1 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful exp.

Opening balance - - 6 224 403

Fruitless and wasteful expenditure current year 1 783 832 7 623 460

Condoned or written off by Council - (13 847 863)

To be recovered – contingent asset -

Fruitless and wasteful expenditure awaiting condonement **1 783 832 -**

**Disciplinary steps/criminal proceedings**

The fruitless and wasteful expenditure mainly relates to penalties and interest on late payments to SARS, DBSA, Eskom and other payables. The late payments are due to cashflow challenges being experienced by the municipality. Council approved the condonement of the expenditure

**34.2 Irregular expenditure**

Reconciliation of irregular expenditure

Opening balance - -

Irregular expenditure current year 14 199 291 -

Condoned or written off by Council - -

Transfer to receivables for recovery – not condoned - -

Irregular expenditure awaiting condonement **14 199 291 -**

**Incident & Disciplinary steps/criminal proceedings**

Procurement not in line with the Supply Chain Management Regulations

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | Note     | 2012<br>R           | 2011<br>R           |
|---|----------|---------------------|---------------------|
| <b>34.3 Unauthorised Expenditure</b>                          |          |                     |                     |
| Reconciliation of Unauthorised expenditure                    |          |                     |                     |
| Opening balance -   |          | -                   | -                   |
| Unauthorised expenditure current year                         |          | 36 190 058          | -                   |
| Condoned or written off by Council                            |          | -                   | -                   |
| Transfer to receivables for recovery – not condoned           |          | -                   | -                   |
| Unauthorised expenditure awaiting condonement                 |          | <b>36 190 058</b>   | <b>-</b>            |
| <b>Incident &amp; Disciplinary steps/criminal proceedings</b> |          |                     |                     |
| <b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL</b>           |          |                     |                     |
| <b>35 FINANCE MANAGEMENT ACT</b>                              |          |                     |                     |
| <b>35.1 Audit fees</b>  |          |                     |                     |
| Opening balance   |          | 5 727 311           | 3 340 318           |
| Current year audit fee  |          | 2 585 140           | 3 586 993           |
| Amount paid - current year                                    |          | (600 000)           | (1 200 000)         |
| Amount paid - previous years                                  |          | -                   | -                   |
| <b>Balance unpaid (included in payables)</b>                  |          | <b>7 712 451</b>    | <b>5 727 311</b>    |
| <b>35.2 VAT</b>   |          |                     |                     |
| VAT input receivables are shown in note 5                     | <b>5</b> | <b>9 579 746</b>    | <b>7 150 762</b>    |
| <b>35.3 PAYE, UIF and SDL</b>                                 |          |                     |                     |
| Opening balance   |          | (10 109 255)        | (4 900 485)         |
| Opening balance   |          | -                   | (5 208 770)         |
| Current year payroll deductions                               |          | (8 362 773)         | -                   |
| Amount paid - current year                                    |          | 5 284 793           | -                   |
| Amount paid - previous years                                  |          | -                   | -                   |
| <b>Balance unpaid (included in payables)</b>                  |          | <b>(13 187 235)</b> | <b>(10 109 255)</b> |
| <b>35.4 Pension and Medical Aid Deductions</b>                |          |                     |                     |
| Opening balance   |          | 1 823 381           | -                   |
| Movement - Current year                                       |          | -                   | -                   |
| Current year payroll deductions and Council Contributions     |          | 17 178 258          | -                   |
| Amount paid - current year                                    |          | (18 490 400)        | -                   |
| Amount paid - previous years                                  |          | -                   | -                   |
| <b>Balance unpaid (included in payables)</b>                  |          | <b>511 238</b>      | <b>-</b>            |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | <b>Note</b> | <b>2012<br/>R</b> | <b>2011<br/>R</b> |
|--|-------------|-------------------|-------------------|
|--|-------------|-------------------|-------------------|

**35.5 COUNCILLORS ARREAR CONSUMER ACCOUNTS**

|  | <b>Outstandin<br/>g &lt; 90 days</b> | <b>Outstanding &gt; 90<br/>days</b> | <b>Total</b>  |
|--|--------------------------------------|-------------------------------------|---------------|
| The following Councillors had arrear accounts outstanding for more than 90 days as at: |                                      |                                     |               |
| <b>as at 30 June 2012</b>  |                                      |                                     |               |
| MA Nchochoba   | 1 500                                | 17 209                              | 18 709        |
| D Motobo   | 1 503                                | 16 686                              | 18 189        |
| ST Modise  | 1 707                                | 6 848                               | 8 554         |
| ML Thekisho  | 1 635                                | 6 001                               | 7 636         |
| OJ Bareki  | 1 541                                | 5 708                               | 7 250         |
| J Mathiba  | 1 722                                | 2 811                               | 4 533         |
| L Coetzee  | 4 408                                | -                                   | 4 408         |
| MA Mccarthy  | 1 477                                | 2 731                               | 4 208         |
| TG Moruri  | 1 306                                | 1 772                               | 3 078         |
| DP Matobo  | 101                                  | 2 328                               | 2 429         |
| A Diedericks   | 1 498                                | -                                   | 1 498         |
| MG Kegakilwe   | 1 402                                | -                                   | 1 402         |
| MC Pretorius   | 1 270                                | -                                   | 1 270         |
| MJ Mathiba   | 923                                  | 187                                 | 1 110         |
| CJ Groep   | 603                                  | -                                   | 603           |
| MF Tinyane   | 58                                   | 98                                  | 156           |
| JA Adonis  | 132                                  | -                                   | 132           |
| EP Renoster  | 29                                   | -                                   | 29            |
| BTB Moabi  | 20                                   | -                                   | 20            |
| TG Moroka  | 7                                    | -                                   | 7             |
| <b>Total Councillor Arrear Consumer Accounts</b>                                       | <b>22 845</b>                        | <b>62 378</b>                       | <b>85 223</b> |

**as at 30 June 2011**

|  |              |               |               |
|--|--------------|---------------|---------------|
| JM Nchochoba                                     | 1 457        | 14 004        | 15 461        |
| DP Matobo  | 750          | 14 438        | 15 188        |
| ST Modise  | 1 045        | 12 250        | 13 295        |
| BP Bareng  | 1 253        | 7 542         | 8 795         |
| MC Pretorius                                     | 657          | 7 733         | 8 390         |
| MJ Mathiba                                       | 1 072        | 4 927         | 5 999         |
| ML Thekisho                                      | 476          | 4 533         | 5 009         |
| OJ Bareki  | 771          | 1 836         | 2 607         |
| MG Kegakilwe                                     | -            | 1 211         | 1 211         |
| EP Renooster                                     | -            | 441           | 441           |
| CJ Groep   | -            | 391           | 391           |
| JA Adonis  | -            | 126           | 126           |
| <b>Total Councillor Arrear Consumer Accounts</b> | <b>7 481</b> | <b>69 432</b> | <b>76 913</b> |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | Note | 2012<br>R                             | 2011<br>R          |
|---|------|---------------------------------------|--------------------|
| During the year the following Councillors had arrear accounts outstanding for more than 90 days.<br><b>as at 30 June 2012</b> |      | <b>Highest amount<br/>outstanding</b> | <b>Ageing Days</b> |
| MA Nchochoba  |      | 17 209                                | 90 +               |
| D Motobo  |      | 16 686                                | 90 +               |
| ST Modise   |      | 6 848                                 | 90 +               |
| ML Thekisho   |      | 6 001                                 | 90 +               |
| OJ Bareki   |      | 5 708                                 | 90 +               |
| J Athiba  |      | 2 811                                 | 90 +               |
| MA Mccarthy   |      | 2 731                                 | 90 +               |
| DP Matobo   |      | 2 328                                 | 90 +               |
| TG Moruri   |      | 1 772                                 | 90 +               |
| MJ Mathiba  |      | 187                                   | 90 +               |
| MF Tinyane  |      | 98                                    | 90 +               |

**35.6 Non-Compliance with Chapter 11 of the Municipal Finance Management Act (MFMA)**

Non-compliance due to contravention of the Supply Chain Management Regulations stipulated in Chapter 11 of the MFMA has been disclosed in note 34.2

**34.2**

|                   |          |
|-------------------|----------|
| <b>14 199 291</b> | <b>-</b> |
|-------------------|----------|

**36 CAPITAL COMMITMENTS**

**36.1 Commitments in respect of capital expenditure**

|  |                   |                   |
|--|-------------------|-------------------|
| <b>- Approved and contracted for</b>     | <b>9 538 601</b>  | <b>18 548 130</b> |
| Property, plant and equipment            | 9 538 601         | 18 548 130        |
| <b>- Approved and not yet contracted</b> | <b>3 303 080</b>  | <b>34 139 355</b> |
| Property, plant and equipment            | 3 303 080         | 34 139 355        |
| <b>Total</b>                             | <b>12 841 681</b> | <b>52 687 485</b> |
| This expenditure will be financed from:  |                   |                   |
| - Government Grants                      | 12 841 681        | 52 687 485        |
| - Own resources                          | -                 | -                 |
|  | <b>12 841 681</b> | <b>52 687 485</b> |

**37 EVENTS AFTER REPORTING DATE**

**at 30 June 2012**

No material litigation is outstanding against the Municipality and no other post balance events have occurred after year-end and up to the date of the completion of these financial statements

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

**38 RETIREMENT BENEFIT INFORMATION**

**38.1 Defined contribution plan**

An amount of R11,056,556.95 was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.

**39 CONTINGENT LIABILITY**

|  |           |           |
|--|-----------|-----------|
| Baloka Trust; J.J. Scholtz; N.O,P.E Scoltz, N.O, HJ Van Eck            | 100 000   | 100 000   |
| Naledi Municipality/Suspension of Municipal Manager                    | 3 420     | 3 420     |
| Illegal Occupation: DAVIDS AND RENOSTER                                | 1 140     | 1 140     |
| ROGASHAI PROPERTY DEV CC. <i>Repossession of erven 3910 &amp; 3911</i> | 500       | 500       |
| ILLEGAL SQUATTERS IN HUHUDI ERF 506 & 4405 <i>Eviction</i>             | 5 700     | 5 700     |
| R. MOMPATI AND T. KEBOTLHALE; G.H GALENG AND K.N COLANE                | 1 355 000 | 1 355 000 |
| J Human: Debt collection   | 5 700     | 5 700     |
| Brinks Props PTY LTD   | 30 000    | 30 000    |
| V R Morakile: Eviction   | 570       | 570       |
| T Kebotlhale and others  | 446 489   | 446 489   |
| Opinion traffic  | 520       | 520       |
| LM Nthutang  | 79 464    | 79 464    |
| Mrs Scholtz  | 463       | 463       |
| Vaal Harts water   | 6 113 280 | -         |
| Adv D Tsaenyane  | 350 292   | 350 292   |
| Carla Van Der Vyver T/A Choices  | 18 008    | -         |
| Khasu Engineering PTY LLTD: Defamation claim                           | 1 419     | 1 419     |
| TI Mokwena   | 150 125   | 150 125   |
| W F Van Der Ryst   | 103 541   | 103 541   |
| HE Seimelo / CF Engelbrecht  | 11 561    | 11 561    |
| Telkom SA LTD  | 24 611    | 24 611    |
| Mr Gaobape: Arbitration  | 75 510    | 50 000    |
| Mr Gaobape: Review   | 105 120   | -         |
| Khoisan Civils CC  | 1 140     | 1 140     |
| Daimler Fleet Management SA PTY LTD                                    | 504 780   | 504 780   |
| Ultimate Dynamic   | 456 077   | 456 077   |
| SALA   | 1 134 467 | 1 134 467 |
| IMATU obo Theo Volshenk  | 12 560    | 12 560    |
| James Van Coller   | 47 374    | -         |
| JC Jordan  | 570       | 570       |
| Discontinuation of electricity supply Pudumoe line                     | -         | 468       |
| J Duminy and A Dummy   | -         | 1 591     |
| Jerry Joubert and Keeme-Gaobepe  | 377       | 377       |
| AGSA   | 468       | -         |
| M & DJ Security Solutions  | 30 235    | 27 645    |
| BS Nsedame   | 15 000    | 15 000    |
| CC Tsipane   | 570       | -         |
| DM Burke and others  | 9 081     | -         |
| T Seichoko and others  | 11 348    | -         |



**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|   | Note | 2012<br>R         | 2011<br>R        |
|---|------|-------------------|------------------|
| Gorolotse and others                              |      | 29 289            | -                |
| Cape Joint Pension Fund                           |      | 50 000            | -                |
| Minto's Engineers and Project Managers            |      | 5 000             | -                |
| Outstanding bonuses: Opinion                      |      | 912               | -                |
| MK Mentoer  |      | 1 500             | -                |
| ML Mogwasi  |      | 1 500             | -                |
| Joseph Mokgothu                                   |      | 1 500             | -                |
| SB Maruping                                       |      | 1 500             | -                |
| Mafried Beesboerdery                              |      | 1 500             | -                |
| L Maogwe and other on the behalf of SAMWU         |      | 1 500             | -                |
| Suidwes Landbou                                   |      | 2 484             | -                |
| Earthmouthing and Truck repair (Johan Badenhorst) |      | 1 500             | -                |
| Fynbosland 435 CC                                 |      | 35 400            | -                |
| JB Van Eeden                                      |      | 1 500             | -                |
| Erven to be alienated                             |      | 1 500             | -                |
| JL Rossouw  |      | 1 500             | -                |
| A Van Rooyen                                      |      | 1 500             | -                |
| Dusty Moon Inv                                    |      | 2 892             | -                |
| BS Tsele  |      | 1 500             | -                |
|   |      | <b>14 856 141</b> | <b>8 383 714</b> |

**40 CONTINGENT ASSET**

|  |                |                |
|--|----------------|----------------|
| Khasu Engineering                          | 161 111        | 161 111        |
| Mr S Sikhomba                              | 3 847          | 3 847          |
| I Du T Fourie (x4) and Knotiki CC          | 27 927         | 27 927         |
| JO Nortjie                                 | 2 000          | 2 000          |
| AA Kock                                    | 106 250        | 365 250        |
| BengMong Mini Market                       | 41 844         | 41 844         |
| Sparax Trading 158 PTY LTD T/A Rapid roads | 20 520         | 20 520         |
| Thabo's Butchery                           | 94 873         | -              |
| Wiets Vervoer Bk                           | 596            | -              |
| CNJ Van Rensburg                           | 27 073         | -              |
| TI Mokwena                                 | 110 893        | 110 893        |
|  | <b>596 934</b> | <b>733 392</b> |

**41 RELATED PARTIES**

**41.1 Members of key management - Section 57**

|               |          |          |
|---------------|----------|----------|
| A Smit        | -        | -        |
| K G Gaobepe   | -        | -        |
| I T Mokwena   | -        | -        |
| O Ndlovu      | -        | -        |
| D Thornhill   | -        | -        |
| G L Pretorius | -        | -        |
| MT Segapo     | -        | -        |
|               | <b>-</b> | <b>-</b> |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

*No related party transactions occurred between the municipality and its key management*

Compensation to councillors and other key management  
(refer to note 21 & 22)

**41.2 Purchases from (sales to) persons in service of state**

|               |   |               |
|---------------|---|---------------|
| MC Motlhabang | - | 1 738         |
| J Mutyoruta   | - | 1 738         |
| CKS Matshitse | - | 2 010         |
| TA Molale     | - | 3 000         |
| MC Ndhala     | - | 32 280        |
| LG Seboko     | - | 4 780         |
|               | - | <b>45 546</b> |

|   |   |               |
|---|---|---------------|
| <b>Total Related Party Transactions</b> | - | <b>45 546</b> |
|---|---|---------------|

**42 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

The following areas involve a significant degree of estimation uncertainty:

**The useful lives and residual values of property, plant, and equipment**

**42.1**

In accordance with GRAP 17.61 the municipality implemented an accounting policy to ensure that the useful life of other assets are reviewed at least at each reporting date. The residual value of motor vehicles and machinery and equipment are reviewed at each reporting date. The residual value of land and buildings, infrastructure, community assets, heritage assets and other assets have been assessed at zero as the economic life of the assets are more than the useful life.

|  |             |             |
|--|-------------|-------------|
| The carrying value of assets at year end, subject to the annual review is: | 948 697 317 | 972 046 215 |
|--|-------------|-------------|

**42.2 Impairment of receivables**

Management has an accounting policy in place to provide for the impairment of bad debts. The policy requires individual assessment of long outstanding debtors

|   |             |              |
|---|-------------|--------------|
| The carrying value of the impairment for bad debt is: | 131 451 860 | (93 039 987) |
|---|-------------|--------------|

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

The following amount of bad debts were written off and was approved by management and condoned by council:

- -

**42.3 Provision for rehabilitation of landfill site**

The provision has been estimated at the current estimated costs to rehabilitate the landfill sites. De-escalation of the current estimated costs in order to arrive at estimated costs for the previous financial years, were calculated using the average Consumer Price Indices and inflation rates (July to June per financial year) from SASTATS

The closing balance of the provision is:

10 166 882      9 785 257

**42.4 Provision for long service award**

It is difficult to estimate future investment returns and salary inflation rates. The relationship between them is more stable and therefore easier to predict. IAS19 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

IAS19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 8.5% per annum has been used. This rate does not reflect any adjustment for taxation.

This assumption is more stable relative to the growth in Consumer Price Inflation (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.5% and 2.5% above CPI inflation. We assessed the general salary increases over the last 5 years and thus a general salary inflation rate of 8.662% per annum

The closing balance of the provision is:

|                       |           |           |
|-----------------------|-----------|-----------|
| Current Provision     | 290 372   | 267 225   |
| Non-current Provision | 6 745 714 | 6 207 978 |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

### **43 RISK MANAGEMENT**

#### **43.1 Maximum credit risk exposure**

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

|  |            |            |
|--|------------|------------|
| Current Account (Primary Bank Account) - ABSA Acc nr: 4070282707 | (164 220)  | 9 370 560  |
| Other short-term investments                                     | 3 178 695  | 3 462 614  |
| Trade and other receivables                                      | 67 992 949 | 54 496 205 |

These balances represent the maximum exposure to credit risk.

#### **43.2 Liquidity risk**

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | Note | 2012<br>R | 2011<br>R |
|--|------|-----------|-----------|
|--|------|-----------|-----------|

### 43.3 Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.

At year end, financial instruments exposed to interest rate risk were as follows:

|  |        |            |            |
|--|--------|------------|------------|
| Development bank of South Africa at an average interest rate of: | 15.30% | 69 615 765 | 61 752 583 |
| Call deposits  |        | 3 178 695  | 3 462 614  |

The interest rate risk on the Development Bank of South Africa loan is mitigated by the fact that the current loan is short-term and the interest rate is fixed for the duration of the loan

## 44 RESTATEMENT OF COMPARITIVE INFORMATION

Money Market Investments have been reclassified as Cash and Cash Equivalents in the current year. The effect of the restatement is summarised below:

### Statement of Financial Position:

#### Current Assets

|   |             |
|---|-------------|
| Money Market Investments (Increase/(Decrease))  | (3 462 613) |
| Cash and Cash Equivalents (Increase/(Decrease)) | 3 462 613   |

Fair value adjustments (Biological assets) has been reclassified from Revenue to Other movements - Gain/(Loss) on fair value adjustment. The effect of the restatement is summarised below:

### Statement of Financial Performance

#### Revenue

|  |         |
|--|---------|
| Fair value adjustments (Biological Assets) ((Increase)/Decrease) | 551 865 |
|--|---------|

#### Other

|  |           |
|--|-----------|
| Gain / (loss) on fair value adjustment - Biological Assets ((Increase)/Decrease) | (551 865) |
|--|-----------|

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | <b>Note</b> | <b>2012<br/>R</b> | <b>2011<br/>R</b> |
|--|-------------|-------------------|-------------------|
|--|-------------|-------------------|-------------------|

Various types of income has been reclassified as other  
44.3 income. The effect of the restatement is summarised below:

**Statement of Financial Performance**

*Revenue*

|   |             |
|---|-------------|
| Rendering of services ((Increase)/Decrease)       | 601 751     |
| Income from agency services ((Increase)/Decrease) | 120 913     |
| Miscellaneous other revenue ((Increase)/Decrease) | 1 117 815   |
| Fees earned ((Increase)/Decrease)                 | 11 255      |
| Entrance Fees ((Increase)/Decrease)               | 44 197      |
| Commissions received ((Increase)/Decrease)        | 691 818     |
| Other Income ((Increase)/Decrease)                | (2 587 749) |

Public Contributions and donations has been reclassified as  
Government grants and subsidies. The effect of the  
44.4 restatement is summarised below:

**Statement of Financial Performance**

*Revenue*

|  |             |
|--|-------------|
| Public contributions and donations ((Increase)/Decrease) | 4 801 640   |
| Government grants and subsidies ((Increase)/Decrease)    | (4 801 640) |

The following types of expenditure disclosed as part of  
General Expenses has been reclassified as Contracted  
Services. The effect of the restatement is summarised  
44.5 below:

**Statement of Financial Performance**

*General Expenses*

|   |             |
|---|-------------|
| Consulting and professional fees (Increase/(Decrease))                      | (8 791 963) |
| Meter reading costs (Increase/(Decrease))                                   | (304 629)   |
| Security Services (Guarding of municipal property)<br>(Increase/(Decrease)) | (391 892)   |
| Contracted Services (Increase/(Decrease))                                   | 9 488 484   |

**Naledi Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

|  | <b>Note</b> | <b>2012<br/>R</b> | <b>2011<br/>R</b> |
|--|-------------|-------------------|-------------------|
|--|-------------|-------------------|-------------------|

Contingent Liabilities and Assets has been reclassified to ensure the amounts are disclosed separately. In the prior year the amounts were netted off, which is in contravention with GRAP. The effect of the restatement is summarised

44.6 below:

*Notes to the financial statements*

|                                     |             |
|-------------------------------------|-------------|
| Contingencies (Increase/(Decrease)) | (7 650 322) |
|-------------------------------------|-------------|

|  |             |
|--|-------------|
| Contingent Liabilities (Increase/(Decrease)) | (8 433 714) |
|--|-------------|

|   |         |
|---|---------|
| Contingent Assets (Increase/(Decrease)) | 783 392 |
|---|---------|

During the physical identification and componentisation no evidence could be found of any Investment Properties, although an amount was disclosed in the prior year. This amount has been written off to the accumulated surplus/deficit. The effect of the restatement is summarised

44.7 below:

*Statement in Financial Position*

|   |             |
|---|-------------|
| Investment Properties (Increase/(Decrease)) | (3 116 268) |
|---|-------------|

|   |           |
|---|-----------|
| Accumulated Surplus/(Deficit) ((Increase)/Decrease) | 3 116 268 |
|---|-----------|

During the year we noted that an amount was classified as intangible assets that does not meet the definition. This amount was written off. The effect of the restatement is as

44.8 follows:

*Statement in Financial Position*

|   |           |
|---|-----------|
| Intangible Assets (Increase/(Decrease)) | (476 431) |
|---|-----------|

|   |         |
|---|---------|
| Accumulated Surplus/(Deficit) ((Increase)/Decrease) | 476 431 |
|---|---------|

#### **45 COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E

**Naledi Local Municipality**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2012

| EXTERNAL LOANS                   | Interest Rate | Loan number   | Redeemable Date | as at 1 July 2011 | Received during the period | Redeemed / written off during the period | as at 30 June 2012 |
|----------------------------------|---------------|---------------|-----------------|-------------------|----------------------------|--|--------------------|
|                                  |               |               |                 | R                 | R                          | R  | R                  |
| <b>GOVERNMENT LOANS</b>          |               |               |                 |                   |                            |  |                    |
| Development Bank of South Africa | 9.50%         | 12885/101     |                 | 13 448            |                            | (13 114)                                 | 335                |
| Development Bank of South Africa | 16.32%        | 13082/101     |                 | 4 723 689         |                            | 912 979                                  | 5 636 668          |
| Development Bank of South Africa | 15.46%        | 13083/101     |                 | 2 638 838         |                            | 515 511                                  | 3 154 349          |
| Development Bank of South Africa | 15.46%        | 13084/101     |                 | 2 494 839         |                            | 489 484                                  | 2 984 323          |
| Development Bank of South Africa | 15.46%        | 13085/101     |                 | 113 948           |                            | 22 356                                   | 136 304            |
| Development Bank of South Africa | 15.46%        | 13086/101     |                 | 161 028           |                            | (157 022)                                | 4 006              |
| Development Bank of South Africa | 15.46%        | 13087/101     |                 | 2 336 123         |                            | 458 344                                  | 2 794 467          |
| Development Bank of South Africa | 17.00%        | 13390/101     |                 | 8 318 436         |                            | 1 007 657                                | 9 326 093          |
| Development Bank of South Africa | 17.00%        | 13390/201     |                 | 579 094           |                            | 53 440                                   | 632 535            |
| Development Bank of South Africa | 17.00%        | 13391/101     |                 | 586 590           |                            | 54 132                                   | 640 722            |
| Development Bank of South Africa | 17.00%        | 13392/101     |                 | 1 705 908         |                            | 223 800                                  | 1 929 708          |
| Development Bank of South Africa | 17.00%        | 13393/101     |                 | 3 119 799         |                            | 357 978                                  | 3 477 777          |
| Development Bank of South Africa | 15.70%        | 13604/101     |                 | 19 233 946        |                            | 2 170 830                                | 21 404 776         |
| Development Bank of South Africa | 15.70%        | 13604/103     |                 | 9 390 682         |                            | 1 115 523                                | 10 506 205         |
| Development Bank of South Africa | 10.00%        | 09999/102     |                 | 6 336 214         |                            | 651 285                                  | 6 987 499          |
| <b>Total Government Loans</b>    |               |               |                 | <b>61 752 583</b> | <b>-</b>                   | <b>7 863 182</b>                         | <b>69 615 765</b>  |
|                                  |               |               |                 |                   |                            |  |                    |
| <b>LONG-TERM LOANS</b>           |               |               |                 |                   |                            |  |                    |
| <i>Finance Lease Obligation</i>  |               |               |                 |                   |                            |  |                    |
| ABSA Bank                        |               | 72648256      |                 | 52 737            |                            | (52 737)                                 | -                  |
| ABSA Bank                        |               | 73854593      |                 | 78 777            |                            | (78 777)                                 | -                  |
|                                  |               |               |                 | <b>131 514</b>    | <b>-</b>                   | <b>(131 514)</b>                         | <b>-</b>           |
|                                  |               |               |                 |                   |                            |  |                    |
| Debis Fleet                      |               | 2 100 002 175 |                 | 25 531            |                            | (25 531)                                 | -                  |
| Debis Fleet                      |               | 2 100 002 176 |                 | 25 531            |                            | (25 531)                                 | -                  |
| Debis Fleet                      |               | 2 100 002 177 |                 | 25 531            |                            | (25 531)                                 | -                  |
| Debis Fleet                      |               | 2 100 002 178 |                 | 25 531            |                            | (25 531)                                 | -                  |



**Naledi Local Municipality**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2012

| EXTERNAL LOANS               | Interest Rate | Loan number   | Redeemable Date | as at 1 July 2011 | Received during the period | Redeemed / written off during the period | as at 30 June 2012 |
|------------------------------|---------------|---------------|-----------------|-------------------|----------------------------|--|--------------------|
|                              |               |               |                 | R                 | R                          | R  | R                  |
|                              |               |               |                 |                   |                            |  |                    |
| Debis Fleet                  |               | 2 100 002 180 |                 | 25 531            |                            | (25 531)                                 | -                  |
| Debis Fleet                  |               | 2 100 002 181 |                 | 25 531            |                            | (25 531)                                 | -                  |
| Debis Fleet                  |               | 2 100 002 182 |                 | 25 531            |                            | (25 531)                                 | -                  |
| Debis Fleet                  |               | 2 100 002 183 |                 | 28 582            |                            | (28 582)                                 | -                  |
| Debis Fleet                  |               | 2 100 002 184 |                 | 25 531            |                            | (25 531)                                 | -                  |
| Debis Fleet                  |               | 2 100 002 407 |                 | 92 241            |                            | (92 241)                                 | -                  |
| Debis Fleet                  |               | 2 100 002 492 |                 | 59 936            |                            | (59 936)                                 | -                  |
|                              |               |               |                 | 385 007           | -                          | (385 007)                                | -                  |
|                              |               |               |                 |                   |                            |  |                    |
| <b>Total Long-term loans</b> |               |               |                 | <b>516 522</b>    | <b>-</b>                   | <b>(516 522)</b>                         | <b>-</b>           |
|                              |               |               |                 |                   |                            |  |                    |
| <b>TOTAL EXTERNAL LOANS</b>  |               |               |                 | <b>62 269 105</b> | <b>-</b>                   | <b>7 346 660</b>                         | <b>69 615 765</b>  |

**NALEDI LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2012

|                           | Cost / Revaluation |                    |           |           |                 |                    | Accumulated Depreciation |                 |              |           | Carrying Value |                 |
|---------------------------|--------------------|--------------------|-----------|-----------|-----------------|--------------------|--------------------------|-----------------|--------------|-----------|----------------|-----------------|
|                           | Opening Balance    |                    | Additions | Disposals | Other Movements | Under Construction | Closing Balance          | Opening Balance | Depreciation | Disposals |                | Closing Balance |
|                           | Cost               | Under Construction |           |           |                 |                    |                          |                 |              |           |                |                 |
|                           | R                  | R                  | R         | R         | R               | R                  | R                        | R               | R            | R         |                | R               |
| Land                      |                    |                    |           |           |                 |                    |                          |                 |              |           |                |                 |
| Land                      | 123 808 111        | -                  | -         | -         | -               | -                  | 123 808 111              | -               | -            | -         | -              | 123 808 111     |
| Landfill Sites            | 10 280 865         | 3 037 521          | -         | -         | 381 625         | 319 498            | 14 019 509               | (1 048 422)     | (707 202)    | -         | (1 755 624)    | 12 263 885      |
|                           | 134 088 976        | 3 037 521          | -         | -         | 381 625         | 319 498            | 137 827 620              | (1 048 422)     | (707 202)    | -         | (1 755 624)    | 136 071 996     |
| -                         |                    |                    |           |           |                 |                    |                          |                 |              |           |                |                 |
| Buildings                 |                    |                    |           |           |                 |                    |                          |                 |              |           |                |                 |
| Buildings                 | 36 771 773         | -                  | -         | -         | -               | -                  | 36 771 773               | (4 944 566)     | (2 678 856)  | -         | (7 623 423)    | 29 148 350      |
| Taxi Ranks                | 2 566 145          | -                  | -         | -         | -               | -                  | 2 566 145                | (367 720)       | (198 653)    | -         | (566 373)      | 1 999 772       |
| Airports                  | 3 143 044          | -                  | -         | -         | -               | -                  | 3 143 044                | (440 503)       | (250 179)    | -         | (690 682)      | 2 452 362       |
| Hostels                   | 6 066 420          | -                  | -         | -         | -               | -                  | 6 066 420                | (895 912)       | (483 703)    | -         | (1 379 614)    | 4 686 806       |
|                           | 48 547 382         | -                  | -         | -         | -               | -                  | 48 547 382               | (6 648 701)     | (3 611 391)  | -         | (10 260 092)   | 38 287 290      |
|                           |                    |                    |           |           |                 |                    |                          |                 |              |           |                |                 |
| Infrastructure            |                    |                    |           |           |                 |                    |                          |                 |              |           |                |                 |
| Roads                     | 12 888 612         | 925 892            | -         | -         | -               | 10 840 030         | 24 654 534               | (2 068 059)     | (1 179 904)  | -         | (3 247 963)    | 21 406 571      |
| Roads Carriage Way        | 503 653 413        | -                  | -         | -         | -               | -                  | 503 653 413              | (40 300 056)    | (20 150 028) | -         | (60 450 084)   | 443 203 329     |
| Roads Storm Water Network | 17 897 197         | -                  | -         | -         | -               | -                  | 17 897 197               | (948 585)       | (474 292)    | -         | (1 422 877)    | 16 474 320      |
| Roads Structures          | 15 090 890         | -                  | -         | -         | -               | -                  | 15 090 890               | (838 302)       | (419 151)    | -         | (1 257 453)    | 13 833 437      |
| Roads Traffic Management  | 137 526            | -                  | -         | -         | -               | -                  | 137 526                  | (9 030)         | (4 515)      | -         | (13 545)       | 123 980         |
| Electricity Mains         | -                  | 265 704            | -         | -         | -               | 2 833 075          | 3 098 779                | -               | -            | -         | -              | 3 098 779       |
| Electricity Buildings     | 12 120 082         | -                  | -         | -         | -               | -                  | 12 120 082               | (977 830)       | (488 915)    | -         | (1 466 745)    | 10 653 338      |
| Electricity Civil Works   | 64 014 565         | -                  | -         | -         | -               | -                  | 64 014 565               | (5 608 926)     | (2 804 463)  | -         | (8 413 390)    | 55 601 175      |
| Electrical Works          | 159 435 655        | -                  | -         | -         | -               | -                  | 159 435 655              | (14 914 115)    | (7 457 058)  | -         | (22 371 173)   | 137 064 482     |
| Water Tanks & Stands      | 15 162             | -                  | -         | -         | -               | -                  | 15 162                   | (1 829)         | (974)        | -         | (2 803)        | 12 359          |
|                           | 785 253 102        | 1 191 595          | -         | -         | -               | 13 673 105         | 800 117 803              | (65 666 733)    | (32 979 300) | -         | (98 646 032)   | 701 471 770     |

**NALEDI LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2012

| Cost / Revaluation |                    |           |           |                 |                    |                 | Accumulated Depreciation |              |           |                 | Carrying Value |
|--------------------|--------------------|-----------|-----------|-----------------|--------------------|-----------------|--------------------------|--------------|-----------|-----------------|----------------|
| Opening Balance    |                    | Additions | Disposals | Other Movements | Under Construction | Closing Balance | Opening Balance          | Depreciation | Disposals | Closing Balance |                |
| Cost               | Under Construction |           |           |                 |                    |                 |                          |              |           |                 |                |
| R                  | R                  | R         | R         | R               | R                  | R               | R                        | R            | R         | R               |                |

**Community Assets**

|                 |                   |          |                  |          |          |          |                   |                    |                    |          |                     |                   |
|-----------------|-------------------|----------|------------------|----------|----------|----------|-------------------|--------------------|--------------------|----------|---------------------|-------------------|
| Parks & Gardens | 105 344           | -        | -                | -        | -        | -        | 105 344           | (16 844)           | (9 542)            | -        | (26 386)            | 78 958            |
| Libraries       | 8 464 848         | -        | -                | -        | -        | -        | 8 464 848         | (870 770)          | (463 034)          | -        | (1 333 804)         | 7 131 044         |
| Game Reserves   |                   |          |                  |          |          |          |                   |                    |                    |          |                     |                   |
| & Resorts       | 9 199 108         | -        | -                | -        | -        | -        | 9 199 108         | (1 411 276)        | (770 654)          | -        | (2 181 930)         | 7 017 178         |
| Recreation      |                   |          |                  |          |          |          |                   |                    |                    |          |                     |                   |
| Grounds         | 8 101 731         | -        | -                | -        | -        | -        | 8 101 731         | (1 359 526)        | (805 299)          | -        | (2 164 825)         | 5 936 906         |
| Civic Buildings | 9 210 617         | -        | -                | -        | -        | -        | 9 210 617         | (1 254 813)        | (674 113)          | -        | (1 928 926)         | 7 281 691         |
| Halls           | 14 796 898        | -        | -                | -        | -        | -        | 14 796 898        | (1 920 679)        | (1 027 854)        | -        | (2 948 533)         | 11 848 365        |
| Community       |                   |          |                  |          |          |          |                   |                    |                    |          |                     |                   |
| Buildings       | 454 661           | -        | -                | -        | -        | -        | 454 661           | (69 203)           | (37 515)           | -        | (106 718)           | 347 943           |
| Nurseries       | 743 824           | -        | -                | -        | -        | -        | 743 824           | (174 737)          | (99 160)           | -        | (273 898)           | 469 926           |
|                 |                   |          |                  |          |          |          |                   |                    |                    |          |                     |                   |
| Swimming Pools  | 912 630           | -        | -                | -        | -        | -        | 912 630           | (161 852)          | (89 421)           | -        | (251 273)           | 661 357           |
| Cemeteries      | 884 448           | -        | 5 090 963        | -        | -        | -        | 5 975 411         | (122 162)          | (157 395)          | -        | (279 557)           | 5 695 853         |
|                 | <b>52 874 109</b> | <b>-</b> | <b>5 090 963</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>57 965 072</b> | <b>(7 361 862)</b> | <b>(4 133 987)</b> | <b>-</b> | <b>(11 495 849)</b> | <b>46 469 222</b> |

**Heritage Assets**

|                 |                |          |          |          |          |          |                |          |          |          |          |                |
|-----------------|----------------|----------|----------|----------|----------|----------|----------------|----------|----------|----------|----------|----------------|
| Historical      |                |          |          |          |          |          |                |          |          |          |          |                |
| Buildings       | 486 786        | -        | -        | -        | -        | -        | 486 786        | -        | -        | -        | -        | 486 786        |
| Artifacts,      |                |          |          |          |          |          |                |          |          |          |          |                |
| collections and |                |          |          |          |          |          |                |          |          |          |          |                |
| other objects   | 232 500        | -        | -        | -        | -        | -        | 232 500        | -        | -        | -        | -        | 232 500        |
|                 | <b>719 286</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>719 286</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>719 286</b> |

**NALEDI LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2012

| Cost / Revaluation |                    |           |           |                 |                    | Accumulated Depreciation |                 |              |           | Carrying Value |
|--------------------|--------------------|-----------|-----------|-----------------|--------------------|--------------------------|-----------------|--------------|-----------|----------------|
| Opening Balance    |                    | Additions | Disposals | Other Movements | Under Construction | Closing Balance          | Opening Balance | Depreciation | Disposals |                |
| Cost               | Under Construction |           |           |                 |                    |                          |                 |              |           |                |
| R                  | R                  | R         | R         | R               | R                  | R                        | R               | R            | R         |                |

**Other Assets**

|                         |                      |                  |                  |                |                |                   |                      |                     |                     |            |                      |                    |
|-------------------------|----------------------|------------------|------------------|----------------|----------------|-------------------|----------------------|---------------------|---------------------|------------|----------------------|--------------------|
| Office                  | 988 179              | -                | 35 433           | -              | -              | -                 | 1 023 611            | (143 421)           | (152 219)           | -          | (295 641)            | 727 971            |
| Equipment               | 3 270 686            | -                | 19 986           | -              | -              | -                 | 3 290 672            | (398 107)           | (472 167)           | -          | (870 274)            | 2 420 398          |
| Furniture & Fittings    | -                    | -                | -                | -              | -              | -                 | -                    | -                   | -                   | -          | -                    | -                  |
| Bins and Containers     | 337 820              | -                | -                | -              | -              | -                 | 337 820              | (52 435)            | (34 430)            | -          | (86 865)             | 250 955            |
| Emergency Equipment     | 16 723 800           | -                | 1 474 589        | -              | -              | -                 | 18 198 389           | (2 695 932)         | (1 381 814)         | -          | (4 077 746)          | 14 120 643         |
| Machinery and Equipment | 8 270 643            | -                | 520 392          | -              | -              | -                 | 8 791 035            | (1 240 490)         | (1 240 531)         | -          | (2 481 021)          | 6 310 014          |
| Official Vehicles       | 1 124 900            | -                | 137 953          | -              | -              | -                 | 1 262 853            | (112 300)           | (249 394)           | -          | (361 694)            | 901 159            |
| Computer Equipment      | 1 180 015            | -                | 100 648          | (5 263)        | -              | -                 | 1 275 400            | (193 395)           | (138 878)           | 183        | (332 090)            | 943 310            |
| Other Assets            |                      |                  |                  |                |                |                   |                      |                     |                     |            |                      |                    |
|                         | <b>31 896 042</b>    | <b>2 288 999</b> | <b>(5 263)</b>   | <b>-</b>       | <b>-</b>       | <b>-</b>          | <b>34 179 778</b>    | <b>(4 836 081)</b>  | <b>(3 669 432)</b>  | <b>183</b> | <b>(8 505 330)</b>   | <b>25 674 449</b>  |
| <b>GRAND TOTAL</b>      | <b>1 053 378 897</b> | <b>4 229 116</b> | <b>7 379 962</b> | <b>(5 263)</b> | <b>381 625</b> | <b>13 992 603</b> | <b>1 079 356 940</b> | <b>(85 561 799)</b> | <b>(45 101 312)</b> | <b>183</b> | <b>(130 662 927)</b> | <b>948 694 013</b> |

**NALEDI LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2011

|                   | Cost / Revaluation |   |           |           |         |           | Accumulated Depreciation |              |              |           | Carrying Value |                 |
|-------------------|--------------------|---|-----------|-----------|---------|-----------|--------------------------|--------------|--------------|-----------|----------------|-----------------|
|                   | Opening Balance    |   | Additions | Disposals | Other   | Under     | Closing Balance          | Opening      | Depreciation | Disposals |                | Closing Balance |
|                   | R                  |   | R         | R         | R       | R         | R                        | R            | R            | R         |                | R               |
| Land              |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Land              | 123 808 111        | - | -         | -         |         |           | 123 808 111              | -            | -            | -         | -              | 123 808 111     |
| Landfill Sites    | 9 757 564          | - | -         | -         | 523 301 | 3 037 521 | 13 318 386               | (503 846)    | (544 576)    | -         | (1 048 422)    | 12 269 963      |
|                   | 133 565 675        | - | -         | -         | 523 301 | 3 037 521 | 137 126 497              | (503 846)    | (544 576)    | -         | (1 048 422)    | 136 078 074     |
|                   | -                  |   |           |           |         |           |                          | -            | -            |           |                |                 |
| Buildings         |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Buildings         | 36 771 773         | - | -         | -         | -       | -         | 36 771 773               | (2 472 283)  | (2 472 283)  | -         | (4 944 566)    | 31 827 207      |
| Taxi Ranks        | 2 566 145          | - | -         | -         | -       | -         | 2 566 145                | (183 860)    | (183 860)    | -         | (367 720)      | 2 198 425       |
| Airports          | 3 143 044          | - | -         | -         | -       | -         | 3 143 044                | (220 252)    | (220 252)    | -         | (440 503)      | 2 702 541       |
| Hostels           | 6 066 420          | - | -         | -         | -       | -         | 6 066 420                | (447 956)    | (447 956)    | -         | (895 912)      | 5 170 508       |
|                   | 48 547 382         | - | -         | -         | -       | -         | 48 547 382               | (3 324 351)  | (3 324 350)  | -         | (6 648 701)    | 41 898 681      |
|                   |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Infrastructure    |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Roads             | 12 888 612         | - | -         | -         | -       | 925 892   | 13 814 504               | (1 034 029)  | (1 034 029)  | -         | (2 068 059)    | 11 746 445      |
| Roads Carriage    |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Way               | 503 653 413        | - | -         | -         | -       | -         | 503 653 413              | (20 150 028) | (20 150 028) | -         | (40 300 056)   | 463 353 357     |
| Roads Storm       |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Water Network     | 17 897 197         | - | -         | -         | -       | -         | 17 897 197               | (474 292)    | (474 292)    | -         | (948 585)      | 16 948 612      |
|                   |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Roads Structures  | 15 090 890         | - | -         | -         | -       | -         | 15 090 890               | (419 151)    | (419 151)    | -         | (838 302)      | 14 252 588      |
| Roads Traffic     |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Management        | 137 526            | - | -         | -         | -       | -         | 137 526                  | (4 515)      | (4 515)      | -         | (9 030)        | 128 496         |
|                   |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Electricity Mains | -                  | - | -         | -         | -       | 265 704   | 265 704                  | -            | -            | -         | -              | 265 704         |
| Electricity       |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Buildings         | 12 120 082         | - | -         | -         | -       | -         | 12 120 082               | (488 915)    | (488 915)    | -         | (977 830)      | 11 142 252      |
| Electricity Civil |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Works             | 64 014 565         | - | -         | -         | -       | -         | 64 014 565               | (2 804 463)  | (2 804 463)  | -         | (5 608 926)    | 58 405 638      |
|                   |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Electrical Works  | 159 435 655        | - | -         | -         | -       | -         | 159 435 655              | (7 457 058)  | (7 457 058)  | -         | (14 914 115)   | 144 521 540     |
| Water Tanks &     |                    |   |           |           |         |           |                          |              |              |           |                |                 |
| Stands            | 15 162             | - | -         | -         | -       | -         | 15 162                   | (915)        | (915)        | -         | (1 829)        | 13 333          |
|                   | 785 253 102        | - | -         | -         | -       | 1 191 595 | 786 444 698              | (32 833 366) | (32 833 366) | -         | (65 666 733)   | 720 777 965     |

**NALEDI LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2011

| Cost / Revaluation |                    |           |           |                 |                    |                 | Accumulated Depreciation |              |           |                 | Carrying Value |
|--------------------|--------------------|-----------|-----------|-----------------|--------------------|-----------------|--------------------------|--------------|-----------|-----------------|----------------|
| Opening Balance    |                    | Additions | Disposals | Other Movements | Under Construction | Closing Balance | Opening Balance          | Depreciation | Disposals | Closing Balance |                |
| Cost               | Under Construction |           |           |                 |                    |                 |                          |              |           |                 |                |
| R                  | R                  | R         | R         | R               | R                  | R               | R                        | R            | R         | R               |                |

**Community Assets**

|                 |                   |          |          |          |          |          |                   |                    |                    |          |                    |                   |
|-----------------|-------------------|----------|----------|----------|----------|----------|-------------------|--------------------|--------------------|----------|--------------------|-------------------|
| Parks & Gardens | 105 344           | -        | -        | -        | -        | -        | 105 344           | (8 422)            | (8 422)            | -        | (16 844)           | 88 500            |
| Libraries       | 8 464 848         | -        | -        | -        | -        | -        | 8 464 848         | (435 385)          | (435 385)          | -        | (870 770)          | 7 594 078         |
| Game Reserves   |                   |          |          |          |          |          |                   |                    |                    |          |                    |                   |
| & Resorts       | 9 199 108         | -        | -        | -        | -        | -        | 9 199 108         | (705 638)          | (705 638)          | -        | (1 411 276)        | 7 787 832         |
| Recreation      |                   |          |          |          |          |          |                   |                    |                    |          |                    |                   |
| Grounds         | 8 101 731         | -        | -        | -        | -        | -        | 8 101 731         | (679 764)          | (679 762)          | -        | (1 359 526)        | 6 742 205         |
| Civic Buildings | 9 210 617         | -        | -        | -        | -        | -        | 9 210 617         | (627 406)          | (627 406)          | -        | (1 254 813)        | 7 955 804         |
| Halls           | 14 796 898        | -        | -        | -        | -        | -        | 14 796 898        | (960 340)          | (960 340)          | -        | (1 920 679)        | 12 876 219        |
| Community       |                   |          |          |          |          |          |                   |                    |                    |          |                    |                   |
| Buildings       | 454 661           | -        | -        | -        | -        | -        | 454 661           | (34 602)           | (34 602)           | -        | (69 203)           | 385 458           |
| Nurseries       | 743 824           | -        | -        | -        | -        | -        | 743 824           | (87 369)           | (87 368)           | -        | (174 737)          | 569 087           |
|                 |                   |          |          |          |          |          |                   |                    |                    |          |                    |                   |
| Swimming Pools  | 912 630           | -        | -        | -        | -        | -        | 912 630           | (80 926)           | (80 926)           | -        | (161 852)          | 750 778           |
| Cemeteries      | 884 448           | -        | -        | -        | -        | -        | 884 448           | (61 081)           | (61 081)           | -        | (122 162)          | 762 286           |
|                 | <b>52 874 109</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>52 874 109</b> | <b>(3 680 932)</b> | <b>(3 680 930)</b> | <b>-</b> | <b>(7 361 862)</b> | <b>45 512 247</b> |

**Heritage Assets**

|                 |                |          |          |          |          |          |                |          |          |          |          |                |
|-----------------|----------------|----------|----------|----------|----------|----------|----------------|----------|----------|----------|----------|----------------|
| Historical      |                |          |          |          |          |          |                |          |          |          |          |                |
| Buildings       | 486 786        | -        | -        | -        | -        | -        | 486 786        | -        | -        | -        | -        | 486 786        |
| Artifacts,      |                |          |          |          |          |          |                |          |          |          |          |                |
| collections and |                |          |          |          |          |          |                |          |          |          |          |                |
| other objects   | 232 500        | -        | -        | -        | -        | -        | 232 500        | -        | -        | -        | -        | 232 500        |
|                 | <b>719 286</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>719 286</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>719 286</b> |

**NALEDI LOCAL MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2011

| Cost / Revaluation |                    |           |           |       |         |                 | Accumulated Depreciation |              |              |                 |                |             |
|--------------------|--------------------|-----------|-----------|-------|---------|-----------------|--------------------------|--------------|--------------|-----------------|----------------|-------------|
| Opening Balance    |                    | Additions | Disposals | Other | Under   | Closing Balance | Opening                  | Depreciation | Disposals    | Closing Balance | Carrying Value |             |
| Cost               | Under Construction |           |           |       |         |                 |                          |              |              |                 |                |             |
| R                  | R                  | R         | R         | R     | R       | R               | R                        | R            | R            | R               | R              |             |
|                    |                    |           |           |       |         |                 |                          |              |              |                 |                |             |
| 988 179            | -                  | -         | -         | -     | -       | 988 179         | (22 629)                 | (120 793)    | -            | (143 421)       | 844 757        |             |
| 3 270 686          | -                  | -         | -         | -     | -       | 3 270 686       | (26 400)                 | (371 707)    | -            | (398 107)       | 2 872 579      |             |
| -                  | -                  | -         | -         | -     | -       | -               | -                        | -            | -            | -               | -              |             |
| 337 820            | -                  | -         | -         | -     | -       | 337 820         | (18 005)                 | (34 430)     | -            | (52 435)        | 285 385        |             |
| 16 723 800         | -                  | -         | -         | -     | -       | 16 723 800      | (1 359 927)              | (1 336 004)  | -            | (2 695 932)     | 14 027 868     |             |
| 8 270 643          | -                  | -         | -         | -     | -       | 8 270 643       | (415 628)                | (824 862)    | -            | (1 240 490)     | 7 030 153      |             |
| 1 124 900          | -                  | -         | -         | -     | -       | 1 124 900       | (55 110)                 | (57 190)     | -            | (112 300)       | 1 012 600      |             |
| 1 180 015          | -                  | -         | -         | -     | -       | 1 180 015       | (79 776)                 | (113 619)    | -            | (193 395)       | 986 620        |             |
|                    |                    |           |           |       |         |                 |                          |              |              |                 |                |             |
| 31 896 042         |                    | -         | -         | -     | -       | 31 896 042      | (1 977 475)              | (2 858 606)  | -            | (4 836 081)     | 27 059 962     |             |
|                    |                    |           |           |       |         |                 |                          |              |              |                 |                |             |
| 1 052 855 597      |                    | -         | -         | -     | 523 301 | 4 229 116       | 1 057 608 013            | (42 319 970) | (43 241 828) | -               | (85 561 799)   | 972 046 215 |

**Naledi Local Municipality**  
**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2012

|   | Cost / Revaluation |  |                 |           |                    |                 | Accumulated Depreciation |               |           |                 | Carrying value |
|---|--------------------|--|-----------------|-----------|--------------------|-----------------|--------------------------|---------------|-----------|-----------------|----------------|
|   |                    | Additions & Capital Under Construction | Other Movements | Disposals | Under Construction | Closing Balance | Opening Balance          | Depreciation  | Disposals | Closing Balance |                |
|   | R                  | R                                      | R               | R         | R                  | R               | R                        | R             | R         | R               |                |
| Office of the Mayor                       | R 38 740           | R -                                    | R -             | R -       | R -                | R 38 740        | R -5 291                 | R -4 591      | R -       | R -9 883        | R 28 857       |
| Office of the Speaker                     | R -                | R -                                    | R -             | R -       | R -                | R -             | R -                      | R -           | R -       | R -             | R -            |
| Office of the Municipal Manager           | R 543 764          | R 9 245                                | R -             | R -       | R -                | R 553 009       | R -28 773                | R -80 322     | R -       | R -109 095      | R 443 914      |
| Financial Services                        | R 811 403          | R 37 303                               | R -             | R -       | R -                | R 848 706       | R -86 431                | R -137 181    | R -       | R -223 612      | R 625 094      |
| Corporate Services - Human Resource       | R 942 184          | R 43 921                               | R -             | R -       | R -                | R 986 105       | R -146 071               | R -169 620    | R -       | R -315 691      | R 670 414      |
| Community Services                        | R 3 533 759        | R 23 684                               | R -             | R -5 263  | R -                | R 3 552 180     | R -444 134               | R -500 046    | R 183     | R -943 997      | R 2 608 183    |
| Community Services - Community Facilities | R 694 468          | R -                                    | R -             | R -       | R -                | R 694 468       | R -                      | R -           | R -       | R -             | R 694 468      |
| Community Services - Libraries            | R 14 818           | R -                                    | R -             | R -       | R -                | R 14 818        | R -                      | R -           | R -       | R -             | R 14 818       |
| Community Services - Cemeteries           | R 17 700           | R -                                    | R -             | R -       | R -                | R 17 700        | R -2 457                 | R -2 517      | R -       | R -4 974        | R 12 726       |
| Community Services - Traffic              | R -                | R -                                    | R -             | R -       | R -                | R -             | R -                      | R -           | R -       | R -             | R -            |
| Technical Services                        | R 1 050 695 022    | R 6 995 696                            | R 381 625       | R -       | R 13 992 603       | R 1 072 064 946 | R -84 786 372            | R -44 152 881 | R -       | R -128 939 253  | R 943 125 693  |
| Technical Services - Electricity          | R 73 861           | R -                                    | R -             | R -       | R -                | R 73 861        | R -15 510                | R -9 611      | R -       | R -25 121       | R 48 741       |
| Technical Services - Mechanical Workshop  | R 232 008          | R 270 113                              | R -             | R -       | R -                | R 502 121       | R -44 158                | R -42 957     | R -       | R -87 115       | R 415 006      |
| Total                                     | 1 057 608 013      | 7 379 962                              | 381 625         | (5 263)   | 13 992 603         | 1 079 356 940   | (85 561 799)             | (45 101 312)  | 183       | (130 662 927)   | 948 694 013    |



## Naledi Local Municipality

## APPENDIX D

## SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2012

| <b>2011</b>    | <b>2011</b>     | <b>2011</b>  | <b>2011</b>                    |
|----------------|-----------------|--------------|--------------------------------|
| <b>REVENUE</b> | <b>EXPENSES</b> | <b>OTHER</b> | <b>Surplus /<br/>(Deficit)</b> |
| <b>R</b>       | <b>R</b>        | <b>R</b>     | <b>R</b>                       |
|                |                 |              |                                |
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| -              | -               | -            | -                              |

Office of the Mayor  
Office of the Speaker  
Office of the Municipal Manager  
Financial Services  
Corporate Services - Administration  
Corporate Services - Human Resource  
Community Services  
Community Services - Community Facilities  
Community Services - Libraries  
Community Services - Cemeteries  
Community Services - Traffic  
Community Services - Nature Reserve  
Community Services - Housing Administration  
Community Services - Fire and Disaster Services  
Community Services - Technical Services  
Technical Services  
Technical Services - Electricity  
Technical Services - Water  
Technical Services - Refuse Removal  
Technical Services - Sewerage and Sanitation  
Technical Services - Roads and Street Lighting  
Technical Services - Town Planning  
Technical Services - Project Management Unit  
Technical Services - Mechanical Workshop  
**Total**

| 2012               | 2012               | 2012             | 2012                   |
|--------------------|--------------------|------------------|------------------------|
| REVENUE            | EXPENSES           | OTHER            | Surplus /<br>(Deficit) |
| R                  | R                  | R                | R                      |
| -                  | 1 035 378          | -                | (1 035 378)            |
| -                  | 4 768 336          | -                | (4 768 336)            |
| 10 000             | 5 929 056          | -                | (5 919 056)            |
| 60 620 283         | 64 147 463         | -                | (3 527 180)            |
| 89 980             | 6 920 723          | -                | (6 830 743)            |
| -                  | 2 503 445          | -                | (2 503 445)            |
| -                  | 4 277 906          | (5 791)          | (4 283 697)            |
| 134 763            | 3 930 751          | -                | (3 795 988)            |
| 1 024 267          | 3 368 681          | -                | (2 344 414)            |
| 11 762             | 1 029 309          | -                | (1 017 547)            |
| 264 882            | 1 374 494          | -                | (1 109 612)            |
| 1 952 017          | 9 170 751          | -                | (7 218 734)            |
| 9 693              | 611 309            | (908 891)        | (1 510 506)            |
| 2 608              | 63 800             | -                | (61 192)               |
| -                  | 5 630 727          | -                | (5 630 727)            |
| 70 355             | 49 090 265         | -                | (49 019 910)           |
| 75 344 358         | 46 598 838         | -                | 28 745 520             |
| 25 516 533         | 11 945 322         | -                | 13 571 211             |
| 12 788 139         | 8 137 722          | -                | 4 650 418              |
| 13 107 443         | 4 245 275          | -                | 8 862 168              |
| 49 122             | 5 459 817          | -                | (5 410 695)            |
| 679 198            | 485 465            | -                | 193 733                |
| 18 076 111         | 630 955            | -                | 17 445 156             |
| -                  | 2 544 268          | -                | (2 544 268)            |
| <b>209 751 516</b> | <b>243 900 058</b> | <b>(914 682)</b> | <b>(35 063 224)</b>    |

*Sufficient supporting was not available or practical to enable us to reconstruct the comparative amounts of the segmental statement of financial performance*

**Naledi Local Municipality**  
**APPENDIX E**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)**  
**for the year ended 30 June 2012**

|  | Actual             | Adjustments<br>Budget | Variance<br>Over/(Underspent) | Variance<br>% | Explanation of significant variances greater than 10%<br>versus budget                                  |
|--|--------------------|-----------------------|-------------------------------|---------------|---|
|  | R                  | R                     | R                             | %             |   |
| <b>REVENUE</b>   |                    |                       |                               |               |   |
| Property Rates   | 23 972 037         | 25 486 520            | -1 514 483                    | -6%           | Variance due to penalties disclosed separately  |
| Property rates - penalties imposed and collection charges  | 1 604 743          |                       | 1 604 743                     | 100%          |   |
| Service Charges  | 123 276 668        | 126 214 246           | -2 937 578                    | -2%           | Variance considered to be immaterial  |
| Rental of facilities and equipment                         | 898 256            | 512 655               | 385 602                       | 75%           | Facilities were rented out more than anticipated  |
| Interest earned - External Investments                     | 171 007            | -                     | 171 007                       | 100%          | Variance considered to be immaterial  |
| Interest earned - Outstanding Receivables                  | 9 063 589          | 7 110 061             | 1 953 528                     | 27%           | Debtors payback term longer than anticipated  |
| Fines  | 296 799            | 167 394               | 129 405                       | 77%           | Variance considered to be immaterial  |
| Licences and Permits                                       | 1 304 524          | 1 072 760             | 231 764                       | 22%           | Variance considered to be immaterial  |
| Government grants and subsidies                            | 46 046 914         | 48 555 000            | -2 508 086                    | -5%           | Variance considered to be immaterial  |
| Other income   | 3 116 979          | 24 426 604            | -21 309 625                   | -87%          | Income earned from other sources not anticipated  |
| <b>TOTAL REVENUE</b>                                       | <b>209 751 516</b> | <b>233 545 239</b>    | <b>-23 793 723</b>            | <b>-10%</b>   |   |
| <b>EXPENDITURE</b>   |                    |                       |                               |               |   |
| Employee related cost                                      | 73 632 048         | 87 585 000            | -13 952 952                   | -16%          | Variance considered to be immaterial  |
| Remuneration of councillors                                | 4 327 562          | 4 518 000             | -190 438                      | -4%           | Variance considered to be immaterial  |
| Bad debts  | 40 452 279         | 10 000 000            | 30 452 279                    | 305%          | Increase in impairment of bad debts after thorough review of outstanding debtors, more than anticipated |
| Depreciation and amortisation                              | 45 101 312         | 9 800 000             | 35 301 312                    | 360%          | Additional depreciation due to recognition of all infrastructure and community assets                   |
| Grants and subsidies paid                                  | 388 902            |                       | 388 902                       | 100%          | Variance considered to be immaterial  |
| Finance Costs  | 8 042 106          | 5 898 000             | 2 144 106                     | 36%           | More interest paid as loans were not settled in time due to cashflow constraints                        |
| Bulk Purchases   | 43 148 976         | 41 300 000            | 1 848 976                     | 4%            | Variance considered to be immaterial  |
| Repairs and maintenance                                    | 5 825 814          | 12 961 000            | -7 135 186                    | -55%          | The budget for contracted services were included as part of this amount, therefore expenditure in line  |
| Contracted services  | 5 203 203          |                       | 5 203 203                     | 100%          | The budget for contracted services were included as part of general expenses                            |
| General Expenses   | 17 777 855         | 35 648 000            | -17 870 145                   | -50%          | Underspending due to cashflow constraints   |
| <b>TOTAL EXPENDITURE</b>                                   | <b>243 900 058</b> | <b>207 710 000</b>    | <b>36 190 058</b>             | <b>17%</b>    |   |
| Gain / (loss) on sale of assets                            | -5 791             | -                     | -                             | 0%            |   |
| Gain/ (loss) on biological assets                          | -2 006 556         | -                     | -                             | 0%            |   |
| Gain / (loss) on fair value adjustment - Biological Assets | 1 097 665          | -                     | -                             | 0%            |   |
| <b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>                  | <b>-35 063 224</b> | <b>25 835 239</b>     | <b>-60 898 463</b>            | <b>13%</b>    |   |